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ABSTRACT

Designed to explore the interests and objectives of U.S. foreign policy, this book addresses: (1) national security and arms control; (2) economic programs and trends; (3) human rights efforts; (4) science and technological developments; (5) relationships with various world regions; and (6) the need for an adequate foreign affairs budget. Chapter 1, "The Interests and Objectives of American Foreign Policy" considers the Reagan administration's role as a global force for prosperity, security, and democratic change. Chapter 2, "National Security and Arms Reduction," focuses on efforts at preserving a peaceful and stable world environment. U.S. efforts in promoting human rights, counterterrorism, narcotics' eradication, and refugee relief are described in chapter 3, "The Human Dimension." Chapter 4, "The Economic Dimension," discusses efforts to achieve a strong and prosperous U.S. economy. Specific environmental concerns are considered in chapter 5, "The Environmental and Scientific Dimension." Chapters 6-10 feature U.S. foreign policy and relations with: (1) Europe; (2) the Middle East; (3) Latin America and the Caribbean region; (4) Sub-Saharan Africa; (5) East and South Asia; and (6) the Pacific region. Chapter 11, "The Foreign Affairs Budget: Our First Line of Defense," argues for adequate spending abroad to support U.S. interests. Black and white photographs are included. (JHP)

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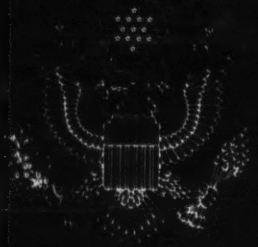

Fundamentals of U.S. Foreign Policy

March 1988

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Fundamentals of U.S. Foreign Policy

Contents

A Message from the Secretary of State i
The Interests and Objectives of American Foreign Policy ... 1
National Security and Arms Reductions 11
The Human Dimension..... 24
The Economic Dimension 34
The Environmental and Scientific Dimension 42
Europe 49
The Middle East 56
Latin America and the Caribbean 64
Sub-Saharan Africa 72
East and South Asia and the Pacific 80
The Foreign Affairs Budget: Our First Line of Defense 88
Conclusion 97

A Message From the Secretary of State

Four decades ago, our world was emerging from the devastation of mankind's most extensive and destructive war. Far-sighted American policymakers of the postwar era played a crucial role in designing the alliances and economic institutions that have since brought to ourselves and to millions of other people security, social progress, and unprecedented levels of economic growth. As a result, many nations are moving beyond the Industrial Age and entering what can best be described as the Age of Information.

We need to be as creative today as in the postwar era in addressing the challenges of this complex, turbulent, and changing world. We must make the right decisions for today and have the right vision for tomorrow if we are to defend our national interests and promote our democratic principles abroad.

New information technologies and scientific discoveries are profoundly changing the way people live and the way nations deal with each other across the entire spectrum of political, economic, and security relationships. As in any time of transition, adjustments will be necessary and sometimes difficult.

As an American, I am optimistic about our ability to respond to the opportunities of the present and to the promise of the future. The openness of our system, the creativity of our people, our eager competitiveness, our sense of concern for the welfare of others, the vast energies of our society—all these can help us meet the difficulties of a changing world, just as they helped us in the first two centuries of our history.

The question is not *can* we meet the challenges of change, but *will* we meet them? Or will we shrink from them and retreat into isolationism? *Will* we commit the resources necessary to conduct the kind of foreign policy that reflects our democratic strengths and national interests? *Will* we meet our international responsibilities? In the end, our ability to reap the benefits of the future will depend on our nation's willingness to stay actively engaged in the world around us.

There will always be those who want to respond to change by advocating moral and strategic retreat from the world around us. They are the first to call for short-sighted policies: isolationism, cutbacks in the foreign affairs budget, and protectionism in trade. But even if we wanted to, America cannot turn its back on either the present or the future. The world of today has grown too small, the stakes are too high, and the promise of progress is too great.

As I look at the emerging world and America's place in it, I see global trends reaffirming the values that have shaped our way of life. We have a winning hand. Indeed, much of the change around us today is driven by the scientific and technological advances that are the fundamental product of our dynamic democratic system and society.

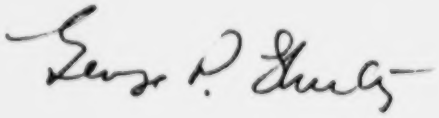
Our foreign affairs agenda is now crowded with complex issues we would not have even contemplated a generation ago. All nations face both the opportunities and the problems of the transition to this new era. All countries must understand that their prospects for security and prosperity depend on an open international system. Countries simply cannot rely on exploiting others' markets while closing their own to imports. Authoritarian or totalitarian countries cannot artificially staunch the flow of ideas, information, and people if they wish to be successful in an interdependent world increasingly reliant on information-based technologies.

Decisionmakers cannot function as autonomous directors of policy—whether domestic or foreign. Higher levels of development and education, speed of transportation and communication, and the spread of democracy—all have drawn more people into the political process and have given unprecedented reach to political views and public opinion.

As I had occasion to say before Congress, in our democratic politics everybody wants to get into the act. The conduct of U.S. foreign policy is a truly public exercise. Today, if any U.S. foreign policy initiative is to be effective, decisionmakers must work hard to provide leadership and cohesion and to marshal understanding and support for our policies at home and abroad. This booklet is part of our effort to do just that.

The booklet sets out the interests and objectives of American foreign policy. It addresses our foreign policy concerns from security and arms control to economic programs and trends, from our human rights efforts around the globe to the far-reaching impact of science and technology. It describes the nature and rationale of our policies toward the different regions of the world. Finally, it demonstrates the need for an adequate foreign affairs budget to further our national interests as well as to pursue our global responsibilities.

I hope that this booklet will contribute to the American public's understanding of our foreign policies and programs. Your informed support is essential to their success.



The Interests and Objectives of American Foreign Policy

We, as Americans, share a strong consensus on our basic American interests and objectives. As a people and a nation, we are seeking to:

- Uphold the principles of freedom, the rule of law, and observance of fundamental human rights;
- Promote our domestic prosperity;
- Protect the security of our nation and its institutions, as well as those of our allies and friends;
- Contribute to a safer world by reaching equitable and verifiable arms reductions agreements with the Soviet Union;
- Assist the economic development of poorer nations; and
- Act in a manner consistent with our humanitarian instincts.

U.S. foreign policy finds its roots and expression in these basic objectives. Over the past 7 years, the Reagan Administration has reasserted America's leadership as an engaged, global force for prosperity, security, and democratic change.

Democracy. The Reagan Administration has given strong support to a global trend of democratic institution-building. Our visible, vocal, and balanced approach to the defense of human rights and fundamental freedoms aims to ease the plight of millions suffering from want, violence, and oppression throughout the world.

Prosperity. At home, our economic vitality—spurred by scientific and technological innovation and the workings of free market principles—has restored our national strength. In turn, this has helped strengthen the economies of our allies and trading partners. Abroad, the United States has encouraged the global trend toward greater confidence in free market-oriented solutions to the problems of economic growth. Almost everywhere in the world there are movements to decentralize, deregulate, and denationalize.

Security. The United States has strengthened ties with friends and allies. The NATO alliance is unified and vital. We have built a network of strong ties in Asia—relationships crucial to global prosperity and regional security that will serve us well into the next century. We have rebuilt our military capabilities; and this, in turn, has enabled our country to negotiate with adversaries from strength. As a consequence, we have achieved an unprecedented agreement with the Soviet Union to eliminate an entire class of nuclear weapons. In Afghanistan, Angola, Cambodia, and Nicaragua, our determined support for those fighting for their freedom has forced our adversaries to conclude that expansionism and aggression are not cost free.

The Work Ahead

Although much has been achieved, much remains to be done. We must consolidate the gains we have made and find ways to deal with other international challenges we face. The pursuit of an effective foreign policy—one that seeks meaningful progress toward our basic goals—does not lend itself to quick fixes.

The United States must be prepared to conduct foreign relations on a coherent, long-term basis. This requires steadiness and persistence. Just as the health of our democratic system depends upon the participation of all citizens in the domestic affairs of our nation, so the furtherance of our national interests and objectives abroad depends on our political will as a country to remain engaged with the world around us. The U.S. foreign policy agenda for the remaining months of the Reagan Administration will be a busy one, full of opportunities to resolve problems of our day and to build wisely for the future.

Democracy. The United States must continue to give the vital process of democratic institution-building our steadfast support. More than ever, the strengths of our open, democratic society present the most persuasive case our country can make to other governments and peoples in furtherance of our fundamental interests and objectives. Countries such as ours that are full participants in the global flow of ideas, people, and information are in the best position to meet the future's challenges and to reap its rewards. For this reason, democracy is taking root and growing around the world on an impressive scale.

- In Latin America, 26 of 33 countries are now democratic or in transition toward democracy, and the percentage of the population living under freely elected governments has grown from 30% in 1976 to 90% today.

• Democratic values have taken root or have been reawakened and must be nurtured in the Philippines, in the Caribbean, in Korea, and throughout the developing world. In South Korea and the Philippines, we see how tenaciously people are struggling to protect and strengthen democratic values. We have seen democratic election reform in Thailand.

• Around the world, we are witnessing opposition to dictatorships of all varieties. In Afghanistan, Angola, Cambodia, and Nicaragua, oppression threatens regional stability and has given rise to popular resistance movements.

• In South Africa, the system of apartheid (racial separation and discrimination) is under increasing pressure to change.

• And we must continue to be mindful of the close link between the way governments treat their own people and the way they deal with their neighbors. It is no coincidence that we find dismal human rights records in totalitarian countries like Vietnam and Cuba, which deliberately export instability, as well as in occupied countries such as Afghanistan and Cambodia.

Prosperity. Domestically, we must ensure American export competitiveness and bring our budget deficit under control. We must resist the resurgence of protectionism. Abroad, we must continue to promote growth and support a more open international trading system.

The United States has promoted global economic growth through our own strong economic performance and our commitment to open markets. Since World War II, we have consistently supported an open trading system, insisting upon fair

President Reagan with Secretary Shultz.

White House/Terry Arthur

trading practices by our foreign competitors and opposing protectionism at home. Strong U.S. demand has stimulated the exports of other countries, fueling their growth.

Now other countries must join the United States by assuming greater responsibility for open markets and for stronger domestic economies. Such an approach will ensure that current international trade imbalances are redressed in a manner that promotes sound global growth.

Already, America's free market approach is increasingly a source of inspiration to other nations. In corners of the globe as far-flung as Africa and China, we see an encouraging trend toward free market-oriented solutions to the problems of economic growth.

Nations burdened with authoritarian—if not totalitarian—political systems are beginning to see that economic advance requires openness to information and ideas. Slowly, many of these countries are widening the opportunities for individual creativity, entrepreneurship, and decentralization of responsibility. Even the Soviet Union is finally facing the need for openness and economic restructuring.

Security. The United States must address the fundamental issues of security and peace by matching diplomatic perseverance with military strength in order to deter aggression and encourage restraint and negotiation on the part of our adversaries.

- We have an excellent record of consulting with our NATO allies on the critical challenges of defense strategy and our collective approach to the Soviet bloc. NATO is a voluntary, cohesive alliance that for four decades has shown a remarkable unity of purpose and strength of spirit.
- We must persist in efforts to stem the flow of militarily sensitive technology to the Soviet bloc. Coordinated with our friends and allies, we now have in place an export control process that renders it more difficult for the Soviets to buy or steal our sensitive technology.
- We must continue to press patiently, painstakingly, and persistently to achieve equitable, balanced, and verifiable arms control agreements with the Soviet Union that would enhance strategic stability.
- In the United Nations and other organizations, the United States must continue to play an active leadership role to end the bloody and protracted Iran-Iraq conflict. And we must work together with other nations to maintain and increase support for the UN resolutions on Afghanistan. The world community must continue to show the Soviets

that they cannot win in the United Nations what they have been unable to win on the battlefield or in the hearts of the Afghan people.

In the coming year, America must continue to respond decisively to other threats to world security as well.

• In the Middle East, we must press forward to put new momentum into the Arab-Israeli peace process, fully mindful that the pursuit of stability and peace in the Middle East is a constant struggle requiring steadfast resolve and that progress is measurable by an accumulation of small steps. We are determined to sustain efforts to put new momentum into the search for peace in this troubled region. We remain convinced that the only way to assure progress is through face-to-face bilateral negotiation, and we are willing to consider any means that promise to facilitate such negotiation. At the same time, we are working to improve the quality of Palestinian life in the West Bank and Gaza and to create an atmosphere there which is supportive of a negotiated settlement of the Palestinian problem.

• We must act effectively to ensure the flow of oil through the Persian Gulf. Iran's continuing effort to obstruct free passage through the waterway demonstrates that naval protection remains necessary. Our presence and that of other concerned allies strengthen our common defense in the region, send friends and adversaries alike a strong signal of our reliability and resolve, and put heavier international pressure on Iran and its arms suppliers.

• In Central America, we must maintain our two-track policy of diplomacy reinforced by military strength. The efficacy of this approach in furthering negotiated settlements in conflict-ridden areas is evidenced by the peace initiative underway in the region.

• In Africa, we seek increased stability and growth by encouraging economic development based on free market principles, promoting the peaceful resolution of conflicts without foreign intervention,and resisting threats to democracy and the denial of basic human rights either by client states of the Soviet Union or through apartheid in South Africa.

• We must remain prepared to act directly and in conjunction with other nations—through diplomatic, legal, and economic means to stop the modern barbarity of terrorism. In the past few years, the United States has worked closely with like-minded states in defending against the threat of terrorism.

• Similarly, we must be prepared to sustain our efforts to eradicate the highly destructive international trade in narcotics.

• We need to cooperate with other nations in addressing such global issues as adequate food supplies, population growth, international health problems, and environmental pollution.

The Soviet Challenge

Since World War II, dealing with the Soviet challenge to Western security has been our number one foreign policy problem. Our task is to defend freedom and keep the peace. We must stand by our principles and friends while striving to reduce and eventually eliminate the nuclear threat.

There are interesting changes taking place in the Soviet Union. General Secretary Gorbachev's policies of *glasnost* (openness) and *perestroika* (restructuring) have led to modest improvements in Soviet human rights practices. Although we welcome these developments, we note that far more profound changes are necessary in Soviet domestic and foreign policy to clear the way for a major improvement in U.S.-Soviet relations.

The United States will continue to pursue a policy toward the Soviet Union based on principles of realism, strength, and dialogue. Having first prepared the ground by restoring our military strength and forging solidarity among our allies, we intend to sustain the high-level exchanges begun in 1985 with the Soviet leadership on the full range of issues that concern us: arms control, human rights, bilateral matters, and regional areas of tension.

- That dialogue has already borne fruit, even as significant issues remain between us. For the first time, we have negotiated a treaty eliminating an entire class of nuclear weapons.
- We also are ready to strengthen stability through broad, deep, equitable, and verifiable reductions in strategic offensive forces. We continue to urge the Soviets to follow through on their pledge to join us in a 50% cut in our strategic offensive nuclear arsenals in a way that strengthens stability. We believe an agreement for such reductions could be achieved in short order if the Soviets are willing to negotiate constructively.
- The U.S. Strategic Defense Initiative (SDI)—a research program to establish the feasibility of comprehensive defenses protecting the United States and its allies against a ballistic missile attack—is an essential element of this endeavor.
- Furthermore, we are striving toward verifiable agreements to establish a stable conventional balance at lower levels of armaments and to ban chemical weapons on a global basis.
- We will continue—both bilaterally and multilaterally, privately and publicly—to challenge the Soviet Government to live up to the terms of the Universal Declaration of Human Rights, the Helsinki Final Act, and other international instruments and to respect the human rights and fundamental freedoms of its people, including the freedoms of emigration, conscience, expression, and religion.

• Regarding regional issues, we are urging the Soviet Union to withdraw its troops from Afghanistan and to use its influence to achieve the withdrawal of its clients' troops from Cambodia and Angola. We support political solutions to regional conflicts on the basis of genuine national reconciliation, an end to external military intervention, and economic reconstruction.

• We seek to expand contacts between the American and Soviet peoples through an active program of people-to-people and cultural exchanges. We hope to develop mutually beneficial trade and economic ties, while maintaining controls on the export of sensitive technology to the Soviet Union.

Global Realities and Global Promises

Though our foreign policy objectives have remained fundamentally the same since World War II, the way we go about achieving them must be adapted to changing realities. In today's world, knowledge, communications, and information—and the ability to use them skillfully—are profoundly transforming international economic, political, and security relationships. Environmental pollution and resource degradation are increasingly becoming global or regional problems.

Information, capital flows, manufacturing processes, and trade—even people—now move around the globe with little regard for national borders and at unprecedented speed. New information and communications technologies are making many societies more and more open to the freer and wider flow of information and ideas.

Distribution of the world's economic output is becoming more dispersed. Financial and goods markets are increasingly interdependent in a global economy. Many countries are now attaining a size and capability that enable them to be world-class competitors in a variety of technological and commercial fields.

• Technology has removed many of the barriers which heretofore limited the economic potential of nations and is helping to increase food production, alleviate natural resource shortages, and improve communications and other infrastructure.

• As a result of the technological revolution now underway, developed and developing countries have an unprecedented opportunity to improve the material welfare of their citizens with higher standards of nutrition, health, and security.

• Information technology is enabling scientists to create new, stronger, and more energy efficient synthetic materials. And advances

in biotechnology may soon produce genetically improved plants and animals. All of these trends hold the promise of a future of unprecedented levels of prosperity and well-being for mankind.

Yet, change, even if advantageous in the long run, inevitably causes short-term problems from which no nation can long remain immune. In the economic sphere, the development of new processes and products is causing dislocations. As resource-saving techniques affect demand for certain raw materials, producers may lose their traditional markets. Even the "green revolution"—so beneficial to resolving the age-old problem of hunger—is depressing markets for agricultural products.

Scientific and technological advances can easily be turned to destructive use.

- High-technology conventional weapons are becoming widely available, even to the least developed countries; and many more countries are acquiring the capacity to produce arms for export. Tragically, sophisticated weapons are today being used to wage age-old ethnic, religious, and communal battles—as exemplified in the Iran-Iraq war by Iran's use of Chinese and Soviet missiles and the repeated use of chemical weapons.
- Illicit trade in militarily critical technology poses a serious threat to the national security of the United States and our allies.
- Terrorism, drug trafficking, and environmental destruction often result from the misuse of modern science, even as new technologies are applied in a cooperative international effort to eradicate these modern-age scourges.

In this competitive and changing international environment, no one nation can prosper in isolation; every nation bears responsibility for managing the problems of transition. Ever greater global engagement, responsibility, and restraint are required of all countries.

- America must prepare itself to meet the global challenges of change by putting its own house in order and, in particular, by solving the related problems of budget and trade deficits. At the same time, we must continue to stand for economic and political freedom and work together with other nations to help create a better world for all people.
- Every country must stay competitive in a world where differences in the economic and technological capabilities of the major industrial nations are narrowing. Developing countries must increase their per capita incomes and lessen social inequities. And, if it is to maximize economic gain, every nation must avoid erecting new policy obstacles that distort national and international resource allocation.

• In cooperation with other countries, the United States intends to promote free trade for the benefit of all nations.

• We must act together with other nations to check the spreading threat of regional conflicts in such areas as the Middle East and Central America. We must explore the possibilities for the United Nations and increasingly significant regional country groupings to deal with regional concerns and foster global economic development.

• And the world community must meet the threat of nuclear and chemical weapons proliferation, terrorism, and drug trafficking with a steadfast response.

Furthering Our Interests and Objectives

Though America can be confident of our democratic strengths and optimistic about the future, the United States cannot afford to be aloof from the rest of the world. U.S. ability to remain effective and competitive in economic, political, and ideological terms will require a commitment to invest the necessary resources.

We have faced a serious crisis of declining resources in the foreign affairs budget over the past 3 years, just as we should have been consolidating and building upon the foreign policy gains we have made since the early 1980s.

• Our military assistance programs for countries that provide us access to strategically significant military facilities were inadequate for fiscal year (FY) 1986 and 1987. In FY 1987, funding available for non-earmarked countries (i.e., funding not directed by Congress to be spent for a particular country or program) was 63% below the President's military assistance request.

• The State Department budget has been substantially reduced. The cuts severely impair its capacity to conduct foreign policy. In 1986, the State Department's operating budget was reduced to the point where we had to close seven overseas posts, including five in Western Europe. In 1987, we proposed closing an additional seven.

Adequate funding for our many foreign affairs programs is crucial to this nation's vital national interests. Without it the State Department will not be able adequately to do its job in defending America's security, economic, political, and humanitarian interests abroad.

Conclusion

We have moved ahead in many vital areas in our foreign policy. Guided by principles of democracy, strength, and dialogue, we have made great strides toward fulfilling America's foreign affairs objectives and interests—defending our national security, ensuring domestic prosperity, and promoting democratic principles and human rights.

We have managed difficult crisis situations in the Middle East and elsewhere. NATO's determination has brought the Soviet Union to accept the position on intermediate-range nuclear forces that President Reagan laid out more than 6 years ago. The United States and the Soviet Union have agreed to eliminate—for the first time in history—an entire class of nuclear weapons. We also have made important progress toward an agreement to reduce strategic nuclear weapons. We are engaging in substantive discussions in other key arms control areas, including conventional forces and chemical weapons.

Over the past 7 years of the Reagan Administration, Republicans and Democrats have made important progress in dealing with the foreign affairs agenda before us. We must now provide the budgetary resources to conduct a responsible and effective foreign policy.

For nearly half a century, our nation has shouldered its responsibilities as the world leader and the champion of those struggling to join us. Our prosperity, our technological dynamism, the vitality of our alliances, and our generosity combine to make us a force for progress without peer.

The United States continues to face formidable challenges in our turbulent, complex, and rapidly changing world. We must not permit our capacity for constructive leadership to atrophy. To secure and advance our fundamental interests and values, we must remain fully engaged with the world around us.

National Security and Arms Reductions

We seek to preserve the United States and our friends and allies as free nations in a peaceful and stable world environment, and to advance the cause of freedom. We seek to accomplish these objectives in various ways, including the maintenance of military forces capable of deterring aggression and of frustrating efforts to use military strength for political intimidation against us. As President Reagan has stated, "a nuclear war cannot be won and must never be fought." The most effective means of avoiding such a catastrophe is through a credible deterrent.

The Reagan Administration has a well-defined strategy for countering the threat posed by the Soviet military buildup, particularly in the area of offensive strategic nuclear arms. This strategy has three key elements:

- Modernization of our strategic forces because, to keep the peace, we still rely on the threat of retaliation with nuclear weapons;
- Pursuit of effectively verifiable reductions in U.S. and Soviet nuclear arms, thereby enhancing strategic stability at lower levels of military forces, thus diminishing the risk of conflict; and
- The search, through the U.S. Strategic Defense Initiative, for a safer, more stable, and morally preferable means to deter war, by increasing reliance on defenses to assure the security of the United States and its allies.

Arms reductions are not an end in themselves but rather a key element of President Reagan's strategy to strengthen security and ensure a safer world for us, our allies, and free people everywhere. We have made far-reaching proposals to the Soviet Union (and, with our allies, to other Warsaw Pact countries) on a wide range of issues, including nuclear arms, conventional forces, nuclear testing, confidence-building measures, and chemical weapons.

The Soviet Military Buildup

If allowed to go unanswered, the massive Soviet military buildup of the past 25 years in offensive and defensive nuclear weapons would have seriously threatened strategic stability. The Soviet Union has dramatically increased its strategic forces beyond any requirement for equivalency with the United States. During the 1970s, it surpassed the United States in number, size, and destructive power of offensive ballistic missiles and has kept building in the 1980s. Such an imbalance erodes the credibility of our deterrent forces. As Secretary Gorbachev acknowledged in December 1987, the Soviet Union also has invested heavily in extensive research into advanced technologies for defense against ballistic missiles. Other Soviet strategic defense programs include improvement of the world's only deployed antiballistic missile system, construction of a network of ballistic missile detection and tracking radars, augmentation of nationwide air defenses against strategic bombers and cruise missiles, and construction of extensive passive defenses.

This Soviet buildup challenges the U.S. ability to retaliate effectively after an attack and underlines the necessity of maintaining the survivability and effectiveness of our strategic nuclear deterrent. Our challenge, thus, has been to maintain peace through deterrence while faced with a destabilizing and continuing growth of Soviet offensive nuclear weapons, as well as Soviet defensive programs.

U.S. Response

Since 1981, in response to the Soviet threat, President Reagan has strengthened our nuclear and conventional deterrent and has sought to restore the military balance by modernizing our forces across the board. In addition, the United States seeks in its dialogue with the Soviet Union to achieve arms reduction agreements that are equitable and effectively verifiable. We are guided by four principles:

Reductions. Our highest arms control priority is to achieve militarily significant reductions in offensive nuclear arms—not agreements that merely freeze arms at existing levels or place caps on future growth, as most previous agreements have done.

Equality. In order to enhance stability, arms control agreements must result in balanced or roughly equal levels of force capabilities on both sides. An inequitable arms control agreement, leaving one side with a significant unilateral advantage, would create instability and increase the risk of conflict.

Stability. We seek arms control agreements that will actually reduce the incentives to attack first during a crisis. Any negotiated reductions must leave each side's retaliatory force secure enough to survive if the other side strikes first. Even roughly equivalent nuclear forces might not provide an adequate deterrent if a significant portion of them were vulnerable to destruction in a surprise attack. We also seek to increase reliance on more stabilizing weapons systems, such as slow-flying cruise missiles.

Verifiability. We cannot accept limitations on our military forces unless we can effectively verify Soviet compliance with these same limitations. The evidence of Soviet violations of existing arms control obligations makes effective verification absolutely essential. This is critical if there are radical reductions in nuclear weapons to much lower levels, since the strategic balance then can more easily be tipped by cheating.

START: Negotiations To Reduce Strategic Nuclear Arms

President Reagan has called START (strategic arms reduction talks) the most important arms control negotiation now underway with the Soviet Union. Soviet long-range intercontinental ballistic missiles are the most dangerous to U.S. security. The United States has not wavered from its goal of achieving equitable and effectively verifiable agreements to reduce strategic nuclear arms, particularly those that are most destabilizing.

President Reagan has instructed U.S. negotiators in Geneva to accelerate the resolution of issues in the joint draft START treaty which meets this objective. This draft treaty reflects progress that has already been achieved in previous negotiations and in summit meetings between President Reagan and General Secretary Gorbachev since 1985 to achieve 50% reductions in strategic offensive nuclear arms. The draft text includes agreement on ceilings of 6,000 warheads on 1,600 delivery vehicles for each side, a separate ceiling for heavy ballistic missiles and their warheads, and counting rules for heavy bombers. At their December 1987 summit meeting, the U.S. and Soviet leaders made further progress, including agreement on a sublimit of 4,900 for the total number of strategic ballistic missile warheads, a procedure for counting the warheads on existing types of ballistic missiles, and guidelines for effective verification of the treaty.

Despite progress, important differences remain, including such issues as mobile intercontinental ballistic missiles, sea-launched cruise missiles, and the details of effective verification. We believe that, with

a constructive Soviet attitude, a sound and effectively verifiable START agreement can be reached this year.

The Soviet Union continues to link strategic offensive arms reductions to restrictions on strategic defense that would go beyond those limitations already agreed in the 1972 Anti-Ballistic Missile (ABM) Treaty. This is a clear Soviet effort to cripple the SDI and is unacceptable to the United States.

Elimination of Intermediate-Range Nuclear Forces

In December 1987, President Reagan and General Secretary Gorbachev signed an INF (Intermediate-Range Nuclear Forces) Treaty. It provides for the elimination of the entire class of U.S. and Soviet INF missiles—with a range from 500 to 5,500 kilometers (about 300 to 3,400 miles)—within 3 years after the treaty enters into force.

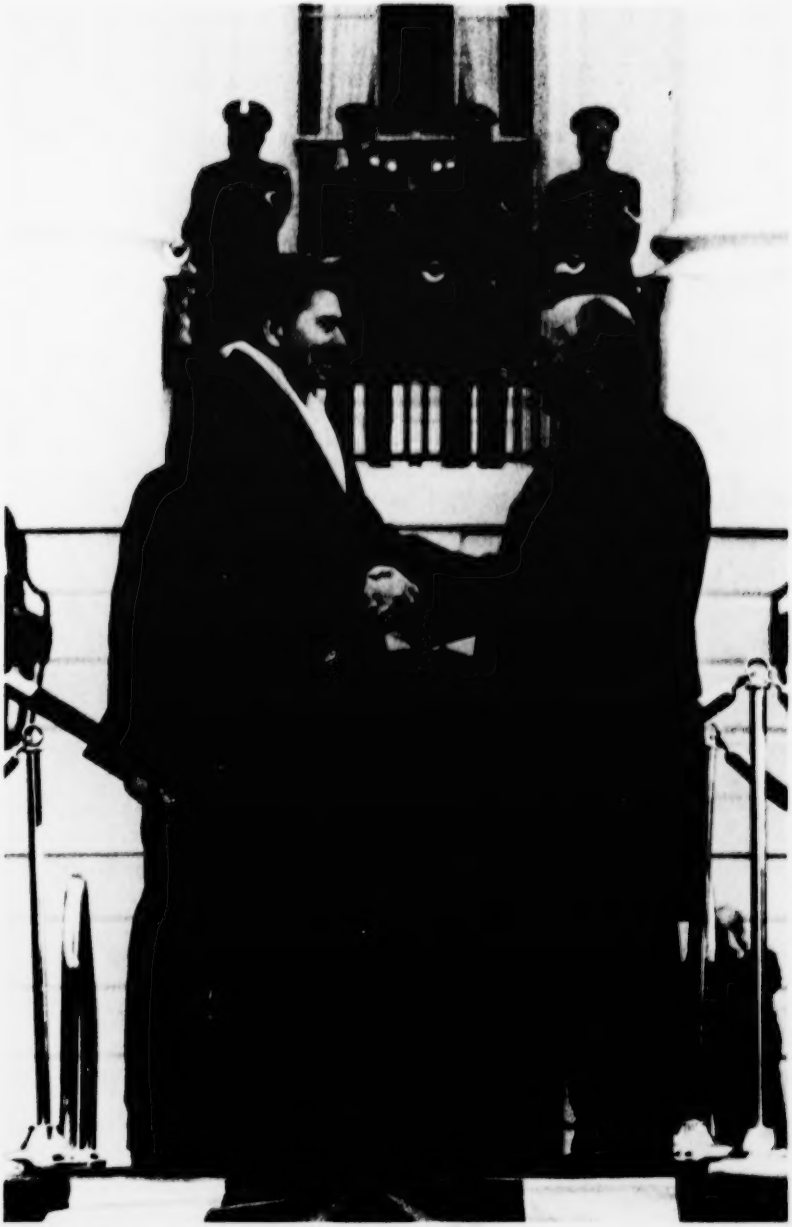
The treaty meets longheld U.S. goals in the INF negotiations. When the talks began in 1981, the President proposed the "zero option" for elimination of all longer range INF missiles (range of 1,000–5,500 kilometers). In July 1987, the Soviets agreed to eliminate these systems. Similarly, the United States has sought to constrain shorter range INF missiles (range of 500–1,000 kilometers) in order to enhance the effectiveness of the treaty. The treaty satisfies this requirement by eliminating all Soviet and U.S. shorter range INF missiles. (The United States has deployed none of these missiles.) In agreeing to worldwide elimination of these missiles, the Soviets have accepted the U.S. principle that limitations on INF missiles must be global to prevent transfer of the threat from Europe to Asia. The treaty also meets the U.S. demand that U.S.-Soviet agreements cannot limit the forces of our allies.

The two countries also agreed on the most comprehensive verification provisions in arms control history. The treaty meets the objectives the United States has established for verification of the treaty's terms. These objectives are to:

- Ensure confidence in the agreement;
- Deter violations of the treaty by increasing the likelihood that such violations would be detected; and
- Permit timely detection of violations, so that we can take appropriate steps to protect U.S. and allied security.

Specifically, the verification provisions include:

- An unprecedented exchange of data on the systems limited by the treaty, including numbers, locations, and technical characteristics of all INF missiles and launchers;



President Reagan greets General Secretary Gorbachev in Washington, D.C., December 8, 1987.

• Inspections at INF sites to confirm the validity of the data exchanged, to help verify elimination of these weapons and related infrastructure, and to help verify that INF activity has ceased;

• Resident inspectors at key missile final assembly facilities; and

• Prohibition on interference with verification by national technical means, which includes satellite imagery.

The INF Treaty is in the security interests of the United States and our allies. The Soviet Union will eliminate deployed systems capable of carrying more than 1,500 nuclear warheads; the United States, about 400. Elimination of Soviet INF missiles will enhance the survivability of NATO forces by eliminating the most effective weapons against key NATO targets. NATO will retain a substantial nuclear capacity sufficient to ensure the continued viability of its strategy of flexible response. The treaty has been a NATO triumph because of the persistence of the United States and our allies.

An INF treaty does not solve all our problems. It is, however, an important first step in reducing U.S. and Soviet arsenals of nuclear weapons. Our next priority is to achieve an agreement to reduce U.S. and Soviet strategic nuclear weapons by 50%. Together with our NATO allies, our other priorities are an effective and verifiable global ban on chemical weapons and the establishment of a more stable balance of conventional forces at lower levels, from the Atlantic to the Urals.

Defense and Space Talks

In these negotiations, we have discussed with the Soviets the relationship between strategic offense and defense. At their December 1987 summit meeting, the U.S. and Soviet leaders agreed to instruct their delegations in Geneva to work out an agreement that would commit the two countries to observe the ABM Treaty, as signed in 1972, while conducting their research, development, and testing as required, which are permitted by the treaty, and not to withdraw from the treaty for a specified period of time. Intensive discussions of strategic stability would begin not later than 3 years before the end of the specified period, after which, in the event the two sides had not agreed otherwise, each country would be free to decide its course of action. In January 1988, U.S. negotiators in Geneva presented a draft defense and space treaty which fulfills the agreements reached by the two leaders in Washington.

To enhance confidence and predictability in the area of strategic defenses, the United States has made several proposals, including an annual exchange of data on planned strategic defense activities, re-

ciprocal briefings on respective strategic defense efforts, visits to associated research facilities, and establishment of procedures for reciprocal observation of strategic defense testing.

It is our intention that, if new defensive technologies prove feasible, we (in close and continuing consultation with our allies) and the Soviets will jointly manage a stable transition to an increasingly defense-reliant deterrence posture.

Strategic Defense Initiative

By restoring and strengthening our deterrent and pursuing negotiations for arms reductions with the Soviet Union, the Reagan Administration seeks to enhance U.S. and allied security and reduce the possibilities of war. We also seek an enhanced ability to deter war based on the increasing contribution of effective strategic defenses against offensive ballistic missiles. In March 1983, President Reagan announced the Strategic Defense Initiative, a research program to establish the feasibility of comprehensive defenses protecting the United States and its allies against a ballistic missile attack. This program is an important element in our overall defense strategy.

- Through SDI we seek a safer and more stable means of deterring aggression than the current exclusive dependence on the threat of retaliation.
- SDI is a prudent hedge against the Soviets' own heavy involvement in strategic defense. Without SDI, the Soviets would be left with a monopoly in strategic defenses that would threaten the peace by undermining the credibility of our deterrent based on the threat of retaliation.
- It is insurance against an accidental missile launch by the Soviets or possible future ballistic missile threats—nuclear, conventional, or chemical—from other adversaries.

The Soviet Union deploys the world's only operational antiballistic missile system and antisatellite system. It has dedicated a significant portion of its military budget to ABM-related research over the past two decades. Soviet violations of the ABM Treaty—most obviously, the radar at Krasnoyarsk—are a major concern of the United States. Despite these violations, which in the aggregate suggest the Soviet Union may be preparing an ABM defense of its national territory, the United States continues to adhere to the ABM Treaty, while carrying out research on the feasibility of a defense system based on SDI.

President Reagan has stated:

> SDI is not a bargaining chip. It is a cornerstone for our national security for the 1990s and beyond. We will research it. We will develop it. And when it is ready, we'll deploy it. If we leave the Soviets with a monopoly in this vital area, our security will be gravely jeopardized.

He also has established three criteria for determining whether or not effective defenses are ready for deployment. They must be militarily effective, survivable, and cost effective at the margin.

Conventional Stability

We face a formidable imbalance of conventional military strength in Europe, where the Warsaw Pact has a significant advantage based on massive Soviet forces deployed in Eastern Europe and the western military districts of the Soviet Union. The United States has long supported negotiations aimed at balancing conventional forces in Europe at lower levels. Such reductions must be effectively verifiable and must recognize the geographic asymmetries between the two sides.

Since 1973, we have been conducting talks with Warsaw Pact countries on mutual and balanced reductions of conventional forces (MBFR) in central Europe. In December 1985, the United States and its Western partners in these talks made a proposal for an effectively verifiable accord that meets this objective. The proposal calls for initial U.S. and Soviet troop reductions, followed by a 3-year, no-increase commitment on manpower in the central European zone, during which time both sides would verify remaining force levels. The Warsaw Pact has yet to react constructively to this major initiative. The United States and its allies continue to press for a constructive response from the Warsaw Pact countries.

In addition, separate discussions began in February 1987 between the members of NATO and the Warsaw Pact in order to develop a framework for new talks on conventional stability covering the whole of Europe from the Atlantic to the Urals. It is our hope that actual negotiations will begin soon to strengthen security and stability in Europe by creating a stable balance of conventional forces at lower levels.

Nuclear Testing

As long as the United States and its allies must depend on nuclear deterrence for their security, the United States must ensure that nuclear weapons are safe, secure, reliable, effective, and survivable—in other words, that the U.S. nuclear deterrent is credible. This requires underground testing as permitted by existing treaties.

The Reagan Administration has taken a constructive and practical approach to nuclear testing limitations. This has been the basis for several U.S. initiatives over the past several years and has led to formal step-by-step negotiations on nuclear testing between the United

States and the Soviet Union. Through these negotiations we seek to address nuclear testing issues in a logical and stabilizing manner, consistent with ensuring U.S. and allied security. Our position is—and the Soviets now have agreed—that the first step in the talks must be to reach agreement on measures that would provide effective verification of the existing, but unratified, 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty. In their present form, these treaties cannot be effectively verified.

Once our verification concerns have been satisfied and the treaties ratified, we will propose that the United States and the Soviet Union immediately enter into negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

The first round of the nuclear testing negotiations took place in November 1987. During this round the two sides agreed to visit each other's nuclear test sites in January 1988 to familiarize themselves with the conditions and operations at those test sites. These visits, which build on an idea President Reagan first proposed in September 1984, are intended to expedite progress on working out details for conducting joint verification experiments at each other's test site. Negotiations with the Soviets will resume after completion of the familiarization visits.

Nuclear Nonproliferation

One of our fundamental national security and foreign policy objectives is to prevent the spread of nuclear weapons to countries that do not now have them. To this end, the United States seeks to broaden and strengthen safeguards on nuclear exports and to strengthen the International Atomic Energy Agency (IAEA) and its safeguards system. We continue to consult with other supplier countries in order to enhance export controls and, in particular, to restrain the export of sensitive nuclear technology. We ask all suppliers to require comprehensive IAEA safeguards as a condition for any new significant nuclear supply commitments to non-nuclear-weapons states. The United States also is attempting to reduce the motivation for acquiring nuclear weapons by improving regional and global stability and by addressing the local and regional security concerns that might impel a government to seek such weapons.

Since its entry into force in March 1970, the Treaty on the Non-Proliferation of Nuclear Weapons, which has 136 parties, has been the cornerstone of international efforts to prevent the further spread of

nuclear weapons. At the 1985 international conference to review the treaty's implementation, the parties declared that the treaty is essential to international peace and security. The United States continues to encourage the few remaining non-parties to adhere to this important arms control treaty.

The United States and the Soviet Union share a strong interest in preventing the dangerous spread of nuclear weapons. Since December 1982, the two nations have been engaged in a series of consultations on nuclear nonproliferation covering a wide range of issues of mutual concern, including support for the treaty and a stronger IAEA.

Confidence-Building Measures

We also have attempted to improve European security through adopting concrete and mutually verifiable confidence-building measures that could help reduce the risks of military confrontation through greater openness and predictability about military forces and activities in Europe. The 35-nation Conference on Confidence- and Security-Building Measures and Disarmament in Europe concluded an agreement in September 1986 on a set of mutually complementary measures for monitoring military activities in Europe. These measures, based largely on NATO proposals, provide for prior notification of all military activities above a level of 13,000 troops or 300 tanks, observation of military activities involving more than 17,000 troops, and annual forecasts of military activities. They also provide the right to conduct onsite air and ground inspections for verification purposes when there are doubts about compliance.

In August 1987, the United States successfully completed the first onsite inspection of a Soviet military exercise. We consider the successful conclusion of the inspection a significant step in the process of improving openness and enhancing confidence- and security-building in Europe. In October, the Soviets conducted similar inspections of NATO exercises in Turkey and West Germany involving U.S. forces.

Despite these recent successes, Soviet treatment of U.S. observers has historically been unacceptable. Acts such as the killing of Lieutenant Colonel Nicholson several years ago and the wounding of another American in 1987 are inconsistent with efforts to increase confidence.

In September 1987, the United States and the Soviet Union agreed to establish Nuclear Risk Reduction Centers in Washington and Moscow. The facilities will be equipped with a new, direct communications link to exchange information and notifications required by certain existing and possible future arms control agreements and confidence-

building accords. In particular, the centers will be used to exchange the extensive notifications and other information required by the verification provisions of the INF Treaty. Each country will staff its center with its own nationals. These new centers will help diminish further the risk of conflict between the two countries that might result from accident, miscalculation, or misinterpretation.

Chemical Weapons

Chemical weapons pose a serious and growing threat to the international community. The number of countries possessing or seeking a chemical warfare capability has increased. Chemical weapons continue to be used today in violation of international agreements.

At the 40-nation Conference on Disarmament in Geneva in April 1984, the United States presented a comprehensive treaty to ban the development, production, use, transfer, and stockpiling of chemical weapons—to be verified by various means, including mandatory onsite challenge inspections. As agreed at the U.S.-Soviet summit in November 1985, these multilateral negotiations have been complemented since January 1986 by intensive bilateral discussions with the Soviet Union. In addition, the United States and the Soviet Union have held expert-level discussions on the problem of chemical weapons proliferation. While differences have narrowed on a number of subjects, such as the central question of verification, many problems remain to be worked out, including such difficult issues as the participation in a convention of all states posing a chemical warfare threat, the monitoring of chemical industries, and the international machinery for implementing international verification.

At the December 1987 summit, President Reagan and General Secretary Gorbachev welcomed the progress to date and reaffirmed the need for intensified negotiations toward conclusion of a truly global and verifiable convention encompassing all states having a chemical weapons capability.

Pending conclusion of a comprehensive and effectively verifiable ban, U.S. security interests dictate that we have a credible chemical weapons retaliatory capability to deter chemical weapons attacks against U.S. and allied forces. Whereas the United States unilaterally ceased chemical weapons production in 1969, the Soviet Union continued to expand and modernize its chemical weapons capabilities and stockpile. It was not until March 1987 that the Soviet Union acknowledged that it even possessed chemical weapons. In December 1987, the United States began producing binary chemical weapons in order to modernize and make safer our chemical deterrent.

Security Assistance

The United States cannot rely solely upon its own forces to deal with the threats to U.S. interests posed by the Soviet Union and other countries. Meeting these challenges, particularly the threat of armed conflicts in developing countries and regions, requires a sustained cooperative effort from the world's free nations. The United States complements its own military strength and increases the pool of human and material resources available for the defense of the free world by helping friendly nations acquire the means to defend themselves.

U.S. security assistance is comprised of the following programs:

The Foreign Military Sales (FMS) credit program, which provides loans to finance purchases of U.S. military equipment, spare parts, and training by eligible countries;

The Military Assistance Program (MAP), which provides grant assistance for defense purchases by less economically developed countries;

The International Military Education and Training (IMET) program, which offers professional military training on a grant basis to future military leaders of friendly countries;

The Economic Support Fund (ESF), which provides grant and loan economic aid to developing countries of strategic interest to the United States; and

The Peacekeeping Operations Fund, which helps to support multilateral peacekeeping activities in the Sinai and Cyprus.

Security assistance:

- Strengthens our alliances and other cooperative arrangements;
- Enhances our overall military strength and deterrence;
- Facilitates access to overseas military facilities, thus increasing our ability to project power and respond to crises;
- Promotes economic development and regional stability;
- Supports friendly nations threatened by aggression and subversion, such as Thailand, Chad, and El Salvador; and
- Simultaneously increases the efficiency of U.S. defense production while lessening our military requirements.

Security assistance programs are a cost-effective investment. They build confidence that the United States and its allies and friends can rely on one other in a crisis while increasing the resources available for the common defense. These programs also promote political and institutional stability and economic development so that political and eco-

nomic reforms can be achieved. The military assistance component often enhances the nation-building skills of defense forces by providing capabilities for civic action, engineering, and construction projects.

Our military and much larger economic programs under security assistance have made a vital contribution to the progress of Central American governments, such as El Salvador, toward democracy and more stable political processes. In Europe, our security assistance is designed to help reduce the military imbalance between NATO and Warsaw Pact forces. Within the framework of our overall cooperative defense relationship with our allies, this assistance is linked with continued U.S. access to important military bases. Our sizable security assistance programs in Israel and Egypt, as well as our peacekeeping support in the Sinai, have contributed to the quest for peace and security in the Middle East.

The Human Dimension

Human rights, counterterrorism, narcotics eradication, and refugee relief constitute important elements of the human dimension of U.S. foreign policy. These efforts benefit the American people in various ways, such as reductions in the flow of illegal drugs and aliens coming into the United States. This emphasis on the human dimension reflects our historic emphasis on human rights. A key component of U.S. diplomacy is concerned with fostering human liberty and dignity among the peoples of the world. When the United States denounces death squads in Latin America, criticizes human rights violations around the world, promotes allied cooperation in the struggle against terrorism, publicizes the dangers of drug abuse, or organizes the resettlement of refugees, it is adhering to longstanding American principles.

Human Rights

The cause of human rights forms the core of American foreign policy; it is central to America's conception of itself. Embodied in U.S. human rights policy is respect for the integrity and dignity of the individual and protection of civil and political liberties. It is in the U.S. national interest to promote democratic processes and a world environment that respects human rights. Therefore, the United States has developed a dual strategy that opposes specific human rights violations wherever they occur and, at the same time, promotes positive steps to strengthen democracy.

U.S. human rights policy aims to advance the well-being of all people. As Secretary Shultz has said:

> It is a tough-minded policy, which faces the world as it is, not as Americans might wish or imagine it to be. At the same time, it is an idealistic policy, which expresses the continuing commitment of the United States to the cause of liberty and the alleviation of suffering.

The United States promotes civil liberties and political rights. It emphasizes respect for the integrity of the individual, including freedom from:

- Political killings;
- Disappearance at the hands of official or semiofficial groups;
- Torture and cruel, inhuman, or degrading treatment or punishment;
- Arbitrary arrest, detention, or exile;
- Denial of a fair public trial; and
- Arbitrary interference with privacy, family, home, or correspondence.

U.S. Policy in Practice. The Department of State follows human rights developments on a daily basis throughout the world and reports annually to Congress on the human rights practices of other countries in *Country Reports on Human Rights Practices*. The United States is prepared to speak up in support of human dignity wherever it is at issue, be it in Chile or South Korea, Cuba or the Soviet Union.

The U.S. Government addresses specific human rights violations in a variety of ways. In our relations with friendly governments, we engage in frank diplomatic exchanges called "quiet diplomacy." It is often instrumental in halting human rights violations by governments with whom we share common interests.

When diplomatic approaches fail or in instances where U.S. influence is limited, we attempt to influence human rights behavior by denying their governments economic and military assistance, licenses for the export of crime control equipment, or diplomatic support. On appropriate occasions we have publicly condemned human rights violations.

Human Rights Achievements. The United States promotes more democratic electoral processes, increased public scrutiny of judicial systems, and improved professional training for court officers and judges. The United States supports an end to legal restrictions that discriminate against ethnic and religious minorities, participates in worldwide campaigns against the use of torture, and publicizes government-sponsored death squads involved in political murders. By focusing attention on these abuses, U.S. activities have led to the creation of human rights commissions in many countries, especially in Central America. The United States has strongly supported the development of democratic institutions and practices in the Philippines and South Korea in 1986–87.

Combating Terrorism

Over the past decade, international terrorism has contributed to a more hostile and dangerous international climate for individuals and governments. From 1976–86, more than 6,000 terrorist incidents occurred worldwide, leaving nearly 5,000 people dead and 8,000 wounded; American casualties totaled 391 dead and 552 injured. The United States is a prime target of this violence because of our extensive presence overseas and because many terrorist groups and the states that support them directly oppose our policies, values, and culture.

U.S. policy to combat international terrorism rests on four pillars. The United States:

- Offers no concessions to terrorists and will not ask or pressure other governments to do so;
- Brings pressure on states that support terrorism;
- Pursues international cooperation in counterterrorism; and
- Develops practical measures designed to identify, track, apprehend, prosecute, and punish terrorists.

No Concessions. The U.S. Government believes and experience shows that a policy of no concessions is the best way to discourage terrorist acts. If terrorists win concessions by their acts, they will likely repeat them. A firm stance against all forms of terrorism has the overwhelming support of the American people.

It has been a longstanding U.S. policy that we will talk to anyone about the health, well-being, and the safe release of Americans held hostage. But speaking to hostage-takers does not mean that we will make concessions that would encourage future terrorists.

Pressure on States Supporting Terrorism. State sponsorship has significantly contributed to the operational capabilities and effectiveness of terrorists. Countries providing support for international terrorism issue authentic identification and travel documents, provide training sites and operating facilities overseas, and give money and weapons to finance terrorist activities. But over the past 2 years, the cost to terrorist-supporting states has gone up. In April 1986, after the U.S. attack on Libya, West European states took strong steps against Tripoli, including a dramatic reduction in the number of Libyan "diplomats" permitted in their countries. In the fall of 1986, the United States and West Europeans briefly invoked political and limited economic sanctions against Syria after British and German courts proved Syrian complicity in terrorist attacks. Improved Syrian behavior has led to the lifting of some of the sanctions.

International Cooperation. Cooperation in counterterrorism is on the agenda of every visit to the United States of all appropriate high-ranking foreign officials. Through U.S. efforts and encouragement, the International Civil Aviation Organization is well advanced in the adoption of an international convention aimed at ensuring that terrorists are brought to justice. The United States has worked extensively with its economic summit partners and has strongly supported the series of counterterrorism measures taken by international organizations such as the European Community.

The United States works bilaterally with other governments to deter, prevent, and counter terrorist attacks. These efforts are supported by the crisis management and the technical assistance we provide through a number of programs, including the Anti-Terrorism Assistance Program, through which the United States has provided assistance and exchanged expertise with more than 40 countries. While the United States prefers multilateral and bilateral cooperation, we will, if necessary, act unilaterally to defend ourselves.

Practical Police Work. To supplement diplomatic cooperation, police work and intelligence-sharing play a strong role in combating terrorism. The United States facilitates intelligence-sharing and the circulation of "lookout" lists with any cooperative government. Governments identify terrorists by name and learn their goals, ideologies, sponsors, and areas of operation. Law enforcement officials work together to apprehend, prosecute, and punish terrorists. Although more needs to be done in this area, the international community is beginning to see results: more terrorists are being apprehended before they can carry out attacks. Laws covering prosecution, exchange of evidence, and extradition are applied more frequently to punish them.

The United States, together with its European allies, emphasizes the rule of law when dealing with terrorists. With U.S. encouragement, many European countries have apprehended and tried terrorists. Some major terrorists have received stiff prison terms, including life sentences. Italian authorities tried and convicted the hijackers of the *Achille Lauro* who brutally murdered Leon Klinghoffer. France tried and convicted Georges Abdallah for his role in the murder of a U.S. military attache, Charles Ray, and an Israeli diplomat and for the attempted assassination of another U.S. diplomat. The United Kingdom tried and convicted the terrorist Nizar Hindawi who attempted to blow up an El Al airliner. The principal suspect in the TWA 847 hijacking, Lebanese terrorist Mohammed Hamadei, was arrested as he attempted to smuggle explosives into the Federal Republic of Germany. The West German Government has announced it will prosecute him for the full scope of his crimes. Another Lebanese terrorist suspect, Fawaz Younis, who has been charged with hijacking

a Jordanian airliner in 1985, was arrested by Federal Bureau of Investigation agents in the Mediterranean Sea. Because most terrorism originates and is carried out abroad, continued international cooperation and practical police work are key to success in countering the terrorist threat.

Narcotics

Narcotics control is a foreign policy issue that has a great impact on our daily lives: 95% of the illegal drugs consumed in the United States come from overseas. State Department narcotics policy:

- Assigns its highest priority to reducing cultivation and production of illicit narcotics through eradication;
- Complements host government eradication programs with assistance for effective law enforcement and interdiction; and
- Encourages international cooperation in forums such as the UN Fund for Drug Abuse Control.

Eradication of Narcotics Crops. As of 1987, the United States supported programs to eradicate coca, opium, and marijuana in 15 countries, as compared to 2 in 1981.

- Peru, Bolivia, and Colombia cultivate more than 150,000 metric tons of coca leaf, which are refined into cocaine in Colombia.
- Opium production in the "Golden Triangle" of Southeast Asia (Thailand, Burma, and Laos) and the "Golden Crescent" (Pakistan, Afghanistan, and Iran) reaches more than 2,000 metric tons each year.
- In 1986, the main sources of marijuana consumed in the United States were Mexico (4,000–6,000 metric tons) and Colombia (2,530–3,630 metric tons). The United States produces about 2,000 metric tons of marijuana annually.

The United States encourages foreign countries to use herbicides against narcotics-producing crops because they are the most efficient and safest way to curtail drug cultivation. The United States offers technical assistance—including helicopters, spray aircraft, and backpack technologies—to assist officials in drug-producing countries (especially Jamaica, Pakistan, Burma, Colombia, and Mexico). Moreover, the United States funds development projects to promote alternative crops to the cultivation of illicit narcotics.

The United States also provides technical assistance to help host governments build a climate conducive to reducing the supply and demand for drugs and to counter trafficker disinformation. The Department of State and the United States Information Agency publicize

the international nature of the drug issue and the dangers of drug production, trafficking, and abuse. The United States also provides accurate data on herbicides, since narcotics traffickers frequently mount campaigns to discredit the safety of these chemicals.

Effective Enforcement. The United States helps host governments fighting production and trafficking to interdict narcotics before they reach the U.S. mainland. The Department of State funds training for foreign law enforcement; in 1986, more than 1,100 people from more than 70 countries participated in U.S. international narcotics control training programs.

Through the Administration of Justice Program, the United States aims to strengthen other governments' legal and judicial systems to see that major drug traffickers are tried and convicted in their own countries. The United States also has stepped up its diplomatic efforts to urge adoption of laws to prosecute narcotics cases more effectively. Currently, the United States is implementing a new program of rewards totaling $5 million for information leading to the arrest and conviction of major drug offenders to help dismantle trafficking organizations. Agents from the U.S. Drug Enforcement Administration assist local police overseas in eliminating drug trafficking networks.

International Cooperation. The major drug-producing countries are parties to international conventions that require them to control the production and distribution of illicit drugs. U.S. strategy is based on encouraging and assisting these countries to meet their international responsibilities for reducing the cultivation, production, and trafficking of illicit narcotics. The United States:

- Pursues diplomatic initiatives to convince drug-producing countries that their interests, as well as those of the United States, are threatened by use of illicit drugs;
- Participates in multilateral assistance programs through the UN Fund for Drug Abuse Control and other regional and international organizations; and
- Enlists the aid of other governments in diplomatic and financial support of international narcotics control projects.

The United States is cooperating with other countries to combat the deadly connection between narcotics traffickers and guerrilla terrorist groups or others wanting to destabilize existing governments. For example, U.S. law enforcement agencies uncovered and foiled in 1984 a rightwing Honduran coup plot financed by drug money. Colombian guerrilla groups have been found protecting cocaine labs and landing strips and facilitating illegal drug shipments.

Refugees

Conflict and repression have caused more than 11 million people throughout the globe to flee their homelands as refugees.

- The nations of the Middle East and South Asia host millions of refugees, including the Afghans, the largest single refugee population. Between 4 and 5 million Afghan refugees reside in neighboring Pakistan and Iran. Hundreds of thousands more, mostly Palestinians, live in other nations of the Middle East.
- Severe drought and famine in 1985–86 exacerbated the refugee problem in sub-Saharan Africa. African nations provide asylum to refugees, reflecting Africa's traditional hospitality and cross-border ethnic ties.
- Individuals fleeing armed conflicts in Nicaragua, El Salvador, and Guatemala constitute the great majority of refugees in need of protection and assistance in Central America. Countries in the region, particularly Honduras, Mexico, and Costa Rica, have been generous in providing asylum to those forced to flee their homelands.
- In East Asia, repression and deprivation in Indochina force large numbers of Indochinese to escape hardship and despair. The foreign asylum burden has been borne primarily by Thailand but also by other Southeast Asian countries for over a decade.

UNHCR/K. Reuter

Ethiopian refugees in Somalia.

The United States is the acknowledged world leader in aiding refugees in cooperation with the UN High Commissioner for Refugees, host governments, donor nations, international organizations, and voluntary agencies. The United States is the principal donor to all major organizations offering refugee assistance, contributing 25%–30% of their program needs. U.S. policy promotes three internationally recognized solutions to the global refugee problem: voluntary repatriation, local integration, and resettlement.

Voluntary Repatriation. The United States views the voluntary repatriation of refugees to their native country as the most desirable solution to refugee situations. For repatriation to be voluntary, safe, and permanent, however, the conditions that initially caused refugees to flee must be changed. These conditions include: internal armed conflicts, political persecution, brutal violation and abuse of human rights, and extreme economic hardship.

Local Integration. When repatriation is not possible, the United States advocates the permanent settlement of refugees in the country or region to which they first fled. The United States provides diplomatic, financial, and logistical support for resettlement assistance activities. First-asylum countries around the world, however, are frequently among the poorest, and, as the numbers of refugees increase, so do pressures on scarce local resources. U.S. and other donor assistance is imperative for relief efforts.

Resettlement. Resettlement involves transporting and transplanting refugees to a distant country. The resettlement process is difficult and expensive. The stress and difficulty of adjustment to an alien language and culture make resettlement an undesirable alternative for most refugees. Furthermore, many applicants cannot meet the restrictive eligibility requirements necessary to qualify for permanent admission to third countries. Thus, resettlement remains a viable option for only about 1% of the world's refugees.

While the United States favors voluntary repatriation and local integration as solutions to most refugee situations, U.S. policy is to provide resettlement where justified. U.S. resettlement programs provide reception and placement services, language and job training, and the transitional cash and medical assistance necessary for refugees' successful integration into American life. Resettlement in the United States is a necessary component in the mix of solutions needed to cope with problems as we seek other answers. Since World War II, more refugees have found permanent refuge in the United States than in any other nation; since 1975, more than 1 million refugees have settled here.

Recent Challenges. Several trends affecting the refugee issue confront U.S. policymakers. In recent years, there has been:

- A "tightening up" of formerly open and generous policies by many first-asylum countries;
- Increasing pressure on the scarce resources and services of states hosting large numbers of refugees;
- A decline in admissions numbers and funding by resettlement and donor countries, including the United States;
- A continuing, although reduced, flow of refugees from Vietnam, Afghanistan, and Ethiopia;
- Proposals in the international donor community to shift emphasis from reliance upon resettlement to refugee repatriation;
- Increased arrivals of asylum-seekers into Western Europe and North America; and
- Increasing population growth rates of refugees.

Immigration into the United States

The United States is a nation of immigrants. Since its founding, the country has welcomed millions of people who have come to a land of opportunity. Their skills and hard work have contributed immeasurably to the economic, political, and cultural development of the United States.

U.S. immigration policy in general seeks to:

- Establish a reasonable, fair, orderly, and secure system of immigration into the United States;
- Reunify families in the United States;
- Eliminate discrimination against particular nations or peoples; and
- Protect our heritage of legal immigration, which, since 1820, has enabled more than 50 million immigrants to come to the United States.

In recent years the number of illegal immigrants coming to the United States has increased. In 1986, the U.S. Immigration and Naturalization Service apprehended almost 2 million illegal aliens, far outpacing the increases in enforcement resources. The illegal alien population in the United States has been estimated at 6–7 million, but no accurate information is available. Many of these immigrants come from Mexico across our southern border in search of low-paying jobs in fields, factories, and services.

To address the problem, in 1986, the United States adopted an immigration law designed to minimize illegal immigration, thereby protecting American workers from unfair labor competition and reduc-

ing welfare costs. The new law includes employer sanctions, legalization measures, and other provisions that increase the enforcement of immigration laws. At the same time, the legislation is generous to illegal aliens who have already been here for some time and continue to contribute their skills to the life of this country, as well as fair to the countless thousands of people who seek to immigrate to the United States legally.

The "Sanctuary" movement in the United States assists illegal aliens from Central American countries. It is against U.S. law to knowingly assist illegal aliens to enter the United States, to be transported within this country, or to escape detection by U.S. immigration officials. It is not unlawful, however, to help these aliens make asylum requests to the Immigration and Naturalization Service.

The Economic Dimension

A strong and prosperous American economy that relies on private enterprise and initiative is the most important pillar of a successful U.S. foreign economic policy. In turn, this policy is designed to strengthen our economy and benefit working and consuming Americans. For example, a major goal of U.S. trade policy is to promote a trading system that will result in industrial development and the creation of new jobs. As the world's most powerful nation, the United States plays a decisive role in the international economy. Forty years ago, the United States initiated the Marshall Plan to assist the war-ravaged economies of Western Europe. The Marshall Plan, which was a major factor in European recovery and further development, exemplified the international economic dimension of U.S. foreign policy.

We support and promote market-oriented economic policies that maximize economic opportunity and individual welfare throughout the globe as well as keep the U.S. economy strong. The economic benefits derived from such policies are becoming clearer to an increasing number of countries, developing and developed, which are now undertaking market-oriented policy reforms. Other key elements of our international economic policy include foreign assistance and private investment to promote the development of poorer countries, efforts to achieve more open trading rules and markets, greater security of future energy supplies, support of market-oriented policies to reduce the external debt problems of developing countries and restore their economic health, and an improved international monetary system. Because of the increasing economic interdependence of the noncommunist industrial nations, the United States seeks to develop greater cooperation with its allies in such areas as trade and macroeconomic policies.

Foreign Assistance and Development

In the past 40 years, the United States has provided foreign countries with economic assistance totaling nearly $200 billion. This aid, which reflects American humanitarian ideals, has contributed to the development of most countries in the world. It also has benefited the U.S. economy directly. In 1986, developing countries purchased about one-third of all U.S. exports. These countries represent the single greatest source of expansion in overseas markets for American firms and farmers. In addition, nearly 80% of the money appropriated for foreign assistance is spent in the United States on commodities, equipment, consulting services, and other expertise.

Objectives. The major goals of the U.S. foreign aid program are to:

- Promote economic growth and development;
- Relieve human suffering, especially from lack of food;
- Achieve a lasting peace in the Middle East;
- Strengthen democracy in Latin American and Caribbean nations; and
- Strengthen relationships with countries of significant security interest to the United States.

U.S. development assistance also is designed to promote:

- Market-based, private sector activities in pursuit of economic growth;
- A dialogue between the United States and those who receive aid to achieve more rational economic policies in developing countries;
- Institution-building and training; and
- The transfer of science and technology.

The United States also provides funds to multilateral development banks (the World Bank and regional banks), which make loans to poorer countries. Because U.S. contributions to these banks are matched (and exceeded) by many other donors, our contributions translate into high levels of lending to developing countries. For example, the World Bank, which can augment its resources by borrowing on capital markets, lends about $60 for every $1 of appropriated funds the United States contributes. The multilateral banks, along with the International Monetary Fund, encourage sound economic policies and structural reform in developing countries to promote sustainable economic growth. U.S. bilateral aid efforts are designed to be fully consistent with and reinforce the policies of the multilateral institutions. U.S. assistance also complements foreign private investment, an important source of capital and technology for developing countries.

Agriculture

The world faces serious problems in agricultural trade and production. Farmers in 25 developed nations are currently capable of producing 150 million tons of surplus grain every year. Improvements in plant genetics, wider use of fertilizer, and lower real production costs are resulting in an increasing number of countries becoming self-sufficient in food production. Many countries—including European nations, Japan, and the United States—use subsidies and trade restrictions to protect their own farmers, thus stimulating agricultural production, raising prices to the consumer, and shutting other, more efficient producers out of their market. More countries are using export subsidies and sharply reduced prices to get rid of their domestic surplus on world markets.

U.S. agricultural exports to the glutted world market have declined substantially in the 1980s, from a peak of $44 billion in FY 1981 to $28 billion in FY 1987. At the same time, other countries, in particular those of the European Community, have increased their farm production and exports. Some are simply efficient producers, while others have relied on a combination of domestic protectionism and export subsidies to increase their share of world agricultural trade.

Under the Farm Act of 1985, the United States decided to price its farm exports more competitively in the world market:

- Grain and soybean price supports were cut;
- Marketing loans were provided for rice and cotton; and
- Funds were made available for selective U.S. export subsidies.

The Need for Reform. These defensive actions by the United States do not, however, get at the fundamental problem of global surplus production caused by government interference in agricultural production and trade. Industrial countries—particularly the United States, the European Community, and Japan—are facing increasing budgetary pressures to reduce the growing burden of government spending on farm supports. Total budget and consumer costs for these countries' current programs reach at least $140 billion annually. This massive misallocation of resources depresses standards of living and reduces markets for the products of both industrialized and developing countries.

The U.S. agricultural sector is efficient, utilizing modern technology and a developed export infrastructure. It can compete in world markets effectively and without government intervention when the trading rules are fair. Reform of world agricultural policies and trade could mean lower production costs, increased demand for foodstuffs throughout the world, and more U.S. farm exports. In addition, effec-

tive economic assistance to developing countries, where malnutrition and overproduction paradoxically sometimes exist side by side, can help achieve economic development and thereby increase markets for American farm products. The result in the United States and elsewhere would be greater prosperity for both farmers and consumers.

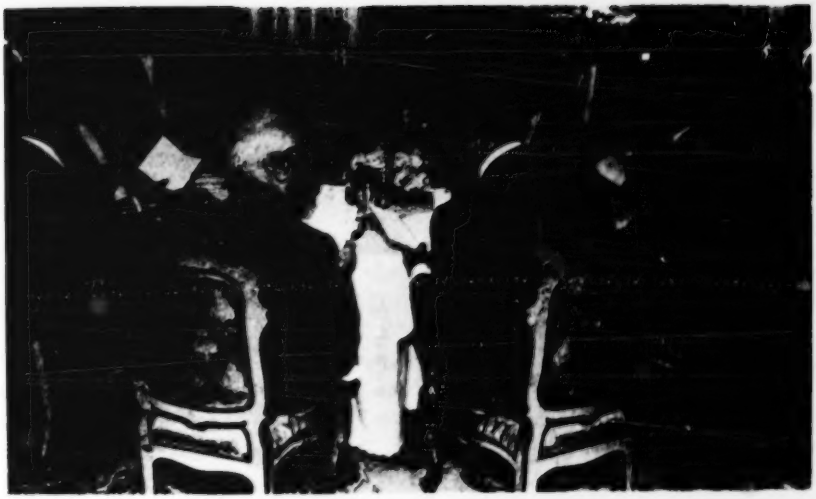
The challenge for the United States is to persuade other governments to eliminate those subsidies, import barriers, and other programs that distort agricultural trade and production. The U.S. agricultural sector must participate in this reform process, too. The best chance for international action is in the current round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT), the international trade organization to which most nations, including all the major agricultural traders and producers, belong. Agricultural reform is a major topic of these negotiations.

International Trade

International trade has expanded more rapidly than economic output during most of the period since World War II, but trade growth has slowed considerably in the 1980s. Trade barriers continue to hinder the free flow of goods and services. Pressure to protect industrial and agricultural sectors from import competition exists in all countries. These protectionist pressures have become more important in the United States, which has experienced a rapidly rising foreign trade deficit—a record $171 billion in 1987.

U.S. Trade Strategy. The U.S. Government is conducting a vigorous trade policy based on the principle that free trade and open markets are in the best interest of citizens everywhere because they promote economic growth, commerce, and efficiency. Within this policy framework we are attempting to tear down trade barriers and eliminate unfair trade practices in order to open up foreign markets for goods and services.

The United States plays a critical role in ensuring and promoting an open trading system. In September 1985, President Reagan announced a comprehensive U.S. strategy for strengthening this system. This policy includes bilateral negotiations to increase market access for competitive U.S. exports. The Reagan Administration has initiated action against unfair trade practices that has produced positive results. Our trading partners have an important stake in improving the international trading system. If the rules are fair, U.S. exporters can compete effectively in the international marketplace.



President Reagan and allied heads of government at the Venice economic summit, June 1987.

The benefits to the United States from a more open international trading system are considerable. They include increased exports and export-related jobs—at least 5 million Americans owe their jobs to export trade, a wider range of lower priced goods for consumers and inputs for U.S. manufacturers, and a more efficient economic structure. In October 1987, the United States and Canada, which have the largest two-way trade in the world (approximately $128 billion), signed an agreement creating the world's largest free trade area. The centerpiece of the agreement is the elimination of all tariffs on bilateral trade by 1999. Both countries need to ratify this agreement. The United States and Israel have had a free trade agreement since 1985.

Multilateral Trade Negotiations. In September 1986, the United States was instrumental in launching the eighth round of GATT multilateral trade negotiations. These talks are expected to last 3–4 years. Major objectives are to:

- Liberalize international trade in services—banking, insurance, telecommunications, construction, engineering, shipping, and tourism;
- Promote market-oriented agricultural trade;
- Reduce nontariff barriers to trade and so improve market access;
- Eliminate trade-distorting investment policies;
- End the international piracy of patents, trademarks, and copyrights; and
- Strengthen the GATT's procedures for settling disputes.

U.S. Export Control Policy. We have worked closely with our allies in developing policies to control strategic trade with the Soviet Union. Agreement has been reached on eliminating preferential credit terms to the U.S.S.R. and reducing the substantial risk of West European dependence on Soviet energy. The U.S. Government has taken the lead in strengthening the multilateral review process and tightening national licensing and enforcement procedures to lessen the flow of Western military technology to the Soviet Union.

Energy

The United States faces the long-term challenge of rising dependence on crude oil imports. They amounted to about 35% of total U.S. oil consumption in 1987. Maturity of oil fields means that U.S. domestic production will continue to decline in the coming years. The United States is, therefore, working to maintain its diverse group of oil suppliers.

U.S. Objectives. A fundamental objective of U.S. energy policy is to assure an adequate supply of energy at reasonable cost while avoiding undue dependence on any single fuel or supplier. This goal is best achieved by minimizing Federal Government interference in energy markets, allowing market forces to promote conservation and fuel diversification, and removing barriers to U.S. energy production.

To lessen our oil import dependence, the United States established the Strategic Petroleum Reserve in 1977. It consisted of roughly 540 million barrels in 1987, enough to cover more than 100 days of U.S. oil imports. The established goal is a reserve of 750 million barrels. Much of the imported oil for the reserve recently has come from Mexico. In case of a severe supply disruption, the reserve would be used early to offset the supply shortfall and mitigate the negative impact on the U.S. economy. Release of reserve oil would be by market mechanisms, that is, the oil would be sold at auction to the highest bidders.

International Cooperation. The United States favors free trade in energy products and the elimination of market-distorting restrictions. We play an important role in the International Energy Agency, an organization of 21 industrial democracies. Major purposes of the agency are the removal of barriers to international energy trade, the achievement of a diversified and balanced energy mix in member countries in order to reduce oil import dependence, and the coordination of energy emergency policies, including sharing of oil in a crisis. The United States has urged key allies not to become dependent on single

supplier nations, particularly the Soviet Union, for gas imports. We also have urged all members to maintain government-controlled oil stocks equal to 90 days of imports as part of the IEA emergency preparedness system. IEA member states have reached several agreements:

- Early use of petroleum stocks in an emergency;
- A common approach to maintain or create conditions so that refined products go to markets on the basis of supply and demand as determined by market forces, without distortions; and
- The importance of nuclear power as a non-oil energy option.

It is essential to maintain good relations with other oil producers, both within the Organization of Petroleum Exporting Countries (OPEC) and without. The United States has a program of sustained bilateral consultations and contacts with key producer countries. U.S. officials meet regularly with Venezuelan, Mexican, and Gulf Cooperation Council counterparts to remain abreast of oil market developments and to keep open the channels of communication essential to preserving our mutual interests.

Energy Trade With Canada. Canada is the most important foreign supplier of natural gas and electricity to the United States and a major source of crude oil. President Reagan and Prime Minister Mulroney agreed to remove impediments to bilateral energy trade at their summit in March 1985. Both countries are seeking to deregulate their natural gas sectors. Energy is an important element of the recently concluded free trade agreement. Thanks to cooperative efforts to remove trade barriers, U.S.-Canadian trade in energy products is now characterized by higher volumes, lower prices, and less regulation.

External Debt

Many developing countries, particularly in Latin America and Africa, have serious external debt problems. At the end of 1987, their total foreign debt exceeded $1 trillion. At least 10 developing nations were not fulfilling their obligations on interest payments by mid-1987. Major U.S. banks are heavily involved in loans to Latin American countries, notably Brazil, Mexico, Argentina, and Venezuela.

Baker Initiative. The United States has been actively involved since the early 1980s in shaping an international strategy to respond to the Third World debt problem. In October 1985, Secretary of the Treasury James Baker outlined a "Program for Sustained Growth." The program, now commonly known as the Baker Plan, provides a

broad framework for all concerned parties to join in helping debtor nations restore their creditworthiness while sustaining economic growth. Its key elements are:

- Encouragement of developing countries to adopt comprehensive, growth-oriented macroeconomic and structural adjustment policies;
- Net new lending of $20 billion by commercial banks;
- Increased lending by the multilateral development banks to heavily indebted, middle-income developing countries that would be tied to stronger market-oriented economic policies; and
- A key role for the International Monetary Fund in coordinating the debt strategy and in providing longer term assistance to the poorest debtor nations.

Both external loans and internal reforms are necessary to ensure sound economic growth and to integrate the debtor countries more fully into a competitive, productive world market.

The first major success of the Baker initiative occurred in November 1986, when 90% of the 450 commercial banks with loans outstanding to Mexico agreed to lend a further $7 billion. Multilateral financial institutions also are providing Mexico with $4 billion. These loans were designed to ease short-term balance-of-payments pressures and to encourage essential structural reforms of the Mexican economy. In addition, the Government of Mexico, the U.S. Treasury Department, and J.P. Morgan and Company devised a proposal in December 1987 to swap up to $20 billion of Mexican external debt—about one-fifth of the total—into securities backed by Mexican purchase of U.S. Treasury bonds. Mexico hopes that commercial banks will trade their Mexican loans with a face value of almost twice that of the new securities, thereby allowing Mexico to reduce both its debt and its interest payments.

In 1987, U.S. commercial banks were lending additional money to such countries as Argentina and Colombia. The U.S. Government is encouraging both debtors and creditors to work out satisfactory debt rescheduling arrangements. So far the strategy has succeeded in keeping the international financial system intact and in enabling most debtor countries to maintain links with creditor institutions.

A resumption of economic growth in debtor countries will lead to an easing of the external debt crisis and a more stable and secure international financial system. Such a development would bring substantial benefits to the U.S. economy and banking system by reducing uncertainty and risk. Moreover, developing countries would be able to use more of their resources to import needed capital and consumer goods, thereby increasing U.S. exports.

The Environmental and Scientific Dimension

The daiiy lives of Americans and other peoples of this earth are substantially affected by the environment—the changing climate, the air we breathe, the water we drink, the lakes, streams, and oceans in which we swim, fish, and boat. Pollution of the air, water, and soil from the products of our industrial civilization is a growing global problem. The world's heritage of living natural resources—its tropical forests, its reserves of biological diversity, its wild plants and animals—is seriously threatened by human activities. The advances of science and technology have an important impact on our living standards and styles because of new products, work practices, and communications. The benefits of the ongoing industrial revolution should be made more available to the citizens of all countries. The United States must work with other nations in dealing with global and regional environmental and scientific problems to permit the sustainable use of the world's resources so that future generations will also benefit from them.

Economic development and population growth have had dramatic impacts on the global environment. At the same time, the reach of technology has been extended to the seafloor and outer space. These two developments have opened new frontiers of international responsibility and cooperation. Since the landmark UN Conference on the Human Environment in Stockholm in 1972, assessment and response to environmental problems have become a priority international activity. The 1987 Venice economic summit, for example, identified as key problems "stratospheric ozone depletion, climate change, acid rain, endangered species, hazardous substances, air and water pollution, and destruction of tropical forests." Important steps have been taken on all these fronts. Environmental cooperation is one area where political will and scientific wisdom have worked together to make a difference, though much more remains to be done.

The United States was one of the first countries to address domestic environmental concerns, and we have vigorously supported the development of international law and practice on environmental mat-

ters. Our international role, in cooperation with other countries and key multilateral organizations, has been to focus effort and attention on the most urgent issues and to assure that control strategies are based on the best available science and on a realistic assessment of costs and benefits. We have sought to harmonize international efforts to enhance protection of our global environment and to minimize the adverse economic impacts of unwise actions.

Ocean Pollution

With its long coastline, the United States is vulnerable to marine pollution. This pollution, especially from oil spills and dumping, has been given high priority by the international community in the past two decades. The United States is party to two global agreements:

- The Convention for the Prevention of Pollution from Ships, which regulates discharges of harmful substances from ships; and
- The London Dumping Convention, which attempts to prevent marine pollution by banning sea disposal of some wastes and listing others which may be disposed of only with special care.

The United States also is a party to the Cartagena Convention, which protects the marine environment of the Caribbean region. In 1986, the United States signed the Convention for the Protection of the Natural Resources and Environment of the South Pacific Region. Both agreements have important protocols on cooperation in combating oil spills. The conventions were sponsored by the UN Environment Program (UNEP).

Atmospheric Pollution

Acidification of water bodies, the growing evidence of harm to the protective stratospheric ozone layer, and climate change resulting from "greenhouse" gases make this a priority international issue. Joint studies by the United States and Canada have shown that the causes of acid rain are more complex than originally supposed, and the two countries are continuing to search for an effective joint strategy. Studies in Europe have revealed similar uncertainty on causes of forest death there. European countries plus the United States and Canada have agreed, in the 1979 Convention on Long-Range Transboundary Air Pollution, to take steps to protect the atmosphere. They are working under the convention to address a broad range of air pollution issues, particularly emissions from sulfur dioxide, nitrogen oxides, and volatile organic compounds.

Protection of the Ozone Layer

Scientific consensus has been reached that depletion of stratospheric ozone—which protects human health, crops, and marine life by filtering the sun's ultraviolet rays—is a serious and growing problem. For example, reduced levels of stratospheric ozone will increase the number of skin cancer cases.

Consequently, the UN Environment Program, with the support and encouragement of the U.S. Government, in 1981 launched work on a global legal framework to protect stratospheric ozone. International negotiations led to the adoption in 1985 of the Vienna Convention for the Protection of the Ozone Layer, which called for monitoring, data exchange, and further research.

Subsequent scientific effort and concern about the growing "hole" in the ozone layer occurring in the spring above the Antarctic region resulted in a September 1987 regulatory protocol under the ozone convention. The main features of the protocol are an initial freeze on

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U.S. expedition to Antarctica investigates a growing hole in the earth's ozone layer.

emissions of certain ozone-depleting substances and phased scheduled reductions of emissions in the 1990s coupled with scientific review. The ozone convention and protocol are an unprecedented example of international cooperation to head off a complex global problem before serious harm has been done.

Climate Change

Carbon dioxide, the product of our growing use of fossil fuels, and other "greenhouse" gases allow short-wave energy from the sun to reach the earth's surface but do not allow long-wave radiant energy to escape. As a result, temperature increases are anticipated in the next century with unknown consequences to human life and agriculture. Higher temperatures would mean rising sea levels that would affect coastal regions of the United States and other countries. A changing climate could result in major shifts in food-producing regions throughout the world, including adverse effects on the U.S. grain belt. Nevertheless, the magnitude, timing, and regional impacts of climate change are still uncertain.

The United States is cooperating with other countries and appropriate international organizations to understand this problem better. We supported the 1987 decision of the World Meteorological Organization and UNEP to form an intergovernmental panel to assess the state of knowledge about the causes, consequences, and timing of future climate change. This process should provide an improved scientific basis for policy decisions by governments.

Border Environmental Problems

Significant cooperation has been achieved on border environmental problems with Canada and Mexico. The United States and Canada have worked together to improve the quality of water in the Great Lakes and other border areas and to protect the porcupine caribou herd. Under the U.S.-Mexico Border Environmental Agreement, which covers hazardous wastes and water and air pollution, progress has been made in reducing transboundary sewage flows and sulfur dioxide emissions in the southwestern United States and adjacent areas of Mexico.

Sustainable Development

Economic development has to be founded on sound management of natural resources if future generations can continue to progress. Soils, water, forests, fish, and the health of people must be nurtured if development is to be broad-based and lasting. The concept of sustainable economic development, taking into account environmental costs, has gained wide acceptance.

The United States has been in the vanguard of industrialized countries in directing its bilateral assistance toward sustainable development objectives. We have been working with other donor countries to promote the wise management of natural resources in development programs. The United States also has spearheaded an effort to get the multilateral development banks to heed environmental and sound resource management principles more consistently in their lending activities.

Biological Diversity

In many areas of the earth, entire species of plants and animals are becoming extinct or seriously endangered at alarming rates. The two largest land animals—the elephant and the rhinoceros—are threatened with extinction through irresponsible trade in their products. Since so much of the world's agriculture, medicine, and science depend on a constantly refreshed base of genetic diversity, the destruction of this base can have serious consequences for the human race.

The United States participates actively in a wide range of international efforts to protect vital ecosystems across the globe. It is a founding member of and largest contributor to the Convention on International Trade in Endangered Species of Wild Fauna and Flora. The convention's programs have promoted the resurgence, among others, of the alligator, the leopard, and certain turtles, and have led to international controls in the trade of various species. The United States also protects wildlife resources on a wide variety of bilateral fronts. For example, in July 1987, we signed an agreement with Canada to conserve the Arctic region's porcupine caribou herd.

Tropical Forests

The tropical moist forests of Africa, the Amazon basin, and Indonesia contain up to one-half of the world's species of living plants and animals and the largest remaining undeveloped tropical hardwoods left on earth. The United States is exerting a strong leadership role to preserve these vital resources that perform unique climatic and ecological functions. We participate actively in the International Tropical Timber Organization, which promotes reforestation, sound forest management, and economic uses of tropical woods in harmony with conservation.

Science and Technology Cooperation

Science always has been an international enterprise. Today, as the rate of scientific discovery accelerates, the international character of science is even more pronounced. Scientific progress and technological innovation underpin U.S. economic growth, trade, and living standards. U.S. global competitiveness in the coming years will depend in large part on maintaining a comparative advantage in science and technology. If U.S. science and technology are to prosper, American scientists must have access to scientific results produced elsewhere.

With this in mind, President Reagan proposed specific measures for promoting the development of science and technology as part of his Competitiveness Initiative unveiled in January 1987. Under this initiative, the United States will work with our global partners to emphasize and to implement principles of equity and reciprocity of access to research and training facilities, experimental sites, and information. As specific agreements are negotiated or renewed, we shall incorporate specific assurances regarding patents and intellectual property rights. Such protection exemplifies the general principle of maintaining an equitable balance of contributions and rewards. It also is an indispensable element of an investment climate that fosters the rapid development of useful technologies applying the results of international scientific cooperation.

Most international science and technology cooperation is stimulated by the scientific, technological, and economic benefits to be gained through exchanges of ideas, information, and research and development results. For example, we have much to learn from other countries in the development of new ceramic materials and rapid railway technology. We can cooperate with other industrial nations in

peaceful scientific research in outer space, such as the testing and combining of materials under low gravity conditions. We can work with other countries and international organizations to halt the spread of new infectious diseases and to cure old ones. We can contribute significantly to international progress in biotechnology that will result in genetic improvements in animals and plants. Finally, we can provide opportunities for developing countries to have access to new technologies that can assist them in their drive for modernization.

Science and Technology Competition

Foreign competition in science and technology is a subject of growing concern because increasing competence abroad affects U.S. interests. Science and technology are integral components of U.S. national security, and the manifold applications of advanced technology to our military preparedness and economic well-being are critical to our future success. The great strength of Western countries is due partly to the power and vigor of their science and technology. Western Europe is seeking to become more competitive with the United States and Japan by developing a number of key technologies.

The Soviet Union and its East European allies seek greater access to Western science and technology. At the same time, they are intensifying their efforts to accelerate the application of science and technology within their economies through what they describe as a "comprehensive program to the year 2000." Not surprisingly, that program concentrates on critical technologies of universal concern, such as computers, microelectronics, telecommunications, biotechnology, robotics, and new materials. While interested in trade and cooperation with the Soviet Union and other communist countries, the United States and its industrial allies seek to prevent the transfer of science and technology to these nations that would enhance their military capabilities.

Europe

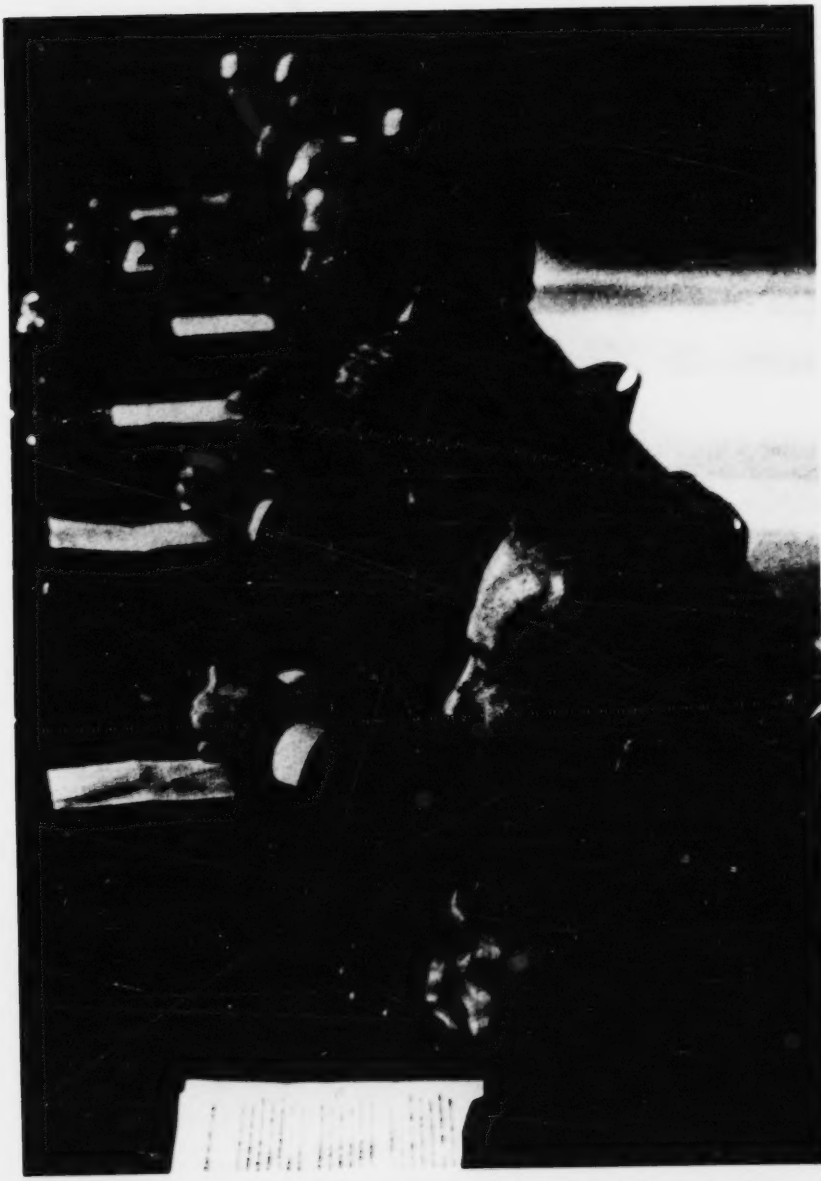
Europe has long been a principal focal point of U.S. foreign policy. A dynamic industrial society, Western Europe is our most important defense and trading partner. A strong and cohesive North Atlantic alliance is indispensable to the success of American foreign policy. This is because the United States and Europe share vital interests.

- The industrialized nations of the West are economically interdependent.
- They face a common security threat from the Soviet Union and other members of the Warsaw Pact.
- They share a rich history.
- They enjoy a common cultural heritage.
- They have important links in education, science, and technology.

The Atlantic Alliance

The U.S. commitment to the independence and security of Western Europe is longstanding. Twice in this century we have gone to war to prevent the domination of Europe by a single state. Since World War II, the United States has joined with the European democracies to create a defensive shield against Soviet ambitions while supporting European efforts to increase regional economic, political, and military integration.

The United States and its European partners have achieved an unusually high level of cooperation through the creation of regional organizations to coordinate common policy. The most important of these bodies is NATO, the North Atlantic Treaty Organization. Founded in 1949 to defend the West and its values against Soviet expansionism, NATO has maintained the peace in Europe for nearly 40



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Secretary Shultz meets with NATO foreign ministers following the signing of an agreement to allow Soviet verification inspections in Europe under the INF Treaty.

years. Behind NATO's deterrent shield, the Western nations have solidified their democratic institutions and created an economic prosperity unmatched in history.

The Atlantic alliance is growing stronger, both economically and politically.

- Two-way trade between the United States and the European Community reached $137 billion in 1987.
- In 1982, Spain became the 16th state to join NATO. A 1986 national referendum supported continued Spanish participation in the Atlantic alliance.

Alliance solidarity is enhanced by a continuous cycle of multilateral and bilateral consultations, including regular meetings of the North Atlantic Council, semiannual meetings of foreign and defense ministers, and periodic NATO heads-of-government meetings. The United States has demonstrated its commitment to the alliance's shared goals of democracy, peace, and prosperity in many practical ways:

- By taking a leading role in regional bodies that promote cultural understanding, democratic values, economic development, and the lowering of trade barriers;
- By maintaining adequate conventional and nuclear forces in Europe at the allies' request to ensure regional stability and to demonstrate our firm commitment to them; and
- By supporting greater European security cooperation.

Canada. Our efforts to promote an Atlantic community have enjoyed the assistance and support not only of the European democracies but of Canada.

- Canada is an original NATO member and has been actively involved in Atlantic regional security and economic development organizations.
- Canada and the United States have created effective joint defense mechanisms, such as the North American Aerospace Defense Command and the Permanent Joint Defense Board.
- Canada is our largest single trading partner, exchanging with us close to $130 billion in goods and services in 1987. It is, therefore, of added significance that we have signed a historic free trade agreement.
- Canada and the United States, sharing a long, peaceful border, deal with common environmental problems, such as water pollution in the Great Lakes and transboundary air pollution.

Democracy and Prosperity

The advancement of economic prosperity has been a main factor in building democracy. The United States has supported the development of West European regional economic, political, and security organizations. By breaking down regional economic barriers through the European Community, the European allies have created a vast market for goods and services that has increased the prosperity of their own citizens and provided the United States with critical export markets. On the other hand, the European Community's protection of some of its economic sectors, particularly agriculture, has harmed U.S. farm export interests.

Europe is a major market for U.S. telecommunications, information technology, aircraft, and some agricultural products. It is also a consumer of our culture: films, literature, music, and art. Interest in U.S. life-styles has helped fuel growing tourism and attendance at U.S. universities. Although frictions are a normal part of any complex economic relationship, the United States and its European allies have repeatedly utilized the mechanisms of the Organization for Economic Cooperation and Development and the General Agreement on Tariffs and Trade to work out many disagreements over trade barriers.

Peace Through Strength

The strength of the Atlantic alliance rests on:

- Our shared cultural values, particularly the tradition of respect for individual rights;
- Our common resolve to confront a continuing threat to regional security and world peace posed by massive Soviet nuclear and conventional forces stationed in Europe; and
- The presence of U.S. and allied conventional and nuclear forces in Europe backed up by the U.S. strategic deterrent.

NATO ensures Western security by remaining militarily and economically strong and through negotiations with the Soviet Union. The main threat to security and stability in Europe is a substantial Warsaw Pact superiority in conventional forces created by a massive forward deployment of Soviet troops. NATO's policy has been directed toward both strong defense and the reduction of the Warsaw Pact threat through negotiated arms control agreements. The United States and its allies strongly support a dual policy of force modernization and arms reductions.

Throughout its history, NATO has sought dialogue with the Soviet bloc in an effort to reduce tensions. During the last decade, the United States and its European allies participated in talks designed to reduce nuclear and conventional armaments and create ground rules for military exercises. The continuing discussions of the Conference on Security and Cooperation in Europe focus on improving the implementation of the human rights and fundamental freedoms provisions of the Helsinki Final Act, discussing military issues, and increasing East-West trade and cultural exchanges.

NATO's challenge is to maintain its unity despite ceaseless Soviet efforts to divide the North American and European elements of the alliance and the inevitable economic competition that exists among its independent member states.

Eastern Europe

Eastern Europe, under Soviet domination, has achieved neither economic prosperity nor political freedom. The United States has an enduring commitment to the peoples of Eastern Europe and to their striving for democracy and self-determination. We support the efforts of the nations of Eastern Europe to undertake necessary economic reforms and to engage in genuine national reconciliation.

Eastern Europe is a restive and frustrated region. Its postwar history is scarred by dramatic and sometimes violent popular attempts to escape from the hegemony of the Soviet Union and to gain a greater degree of internal autonomy. The United States promotes active involvement by the East European states in negotiations on European security, trade, and human rights. We also seek to exercise a moderating influence on Soviet policy toward those nations. The United States deals with East European governments on an individual basis to promote:

- Increased awareness of and respect for human rights;
- Domestic political and economic reform;
- Greater autonomy in their foreign policy; and
- Security for all European nations.

The United States conducts a dialogue with the countries of Eastern Europe through bilateral and multilateral contacts, cultural and scientific exchanges, high-level discussions, and people-to-people exchanges.

The Soviet Union

U.S. policy toward the Soviet Union rests on three principles:

- A realistic appreciation of the challenge posed by the Soviet Union;
- Preservation of the political, military, and economic strength to deal with that challenge; and
- Development of a strong consensus at home and abroad about the effort to improve relations through dialogue.

The U.S.-Soviet relationship is not one of allies but of adversaries. The basis of U.S. policy under President Reagan has been that we must have the courage to recognize that there are weighty differences between our governments and systems—differences that will not go away by wishful thinking. But this reality provides us with an opportunity to move from confrontation toward cooperation. Changing the direction of history is not easy and can be accomplished only when both sides have no illusions, talk with candor, and meet differences head on. Mindful of this reality, laying a foundation for enduring peace requires us to strengthen the economic, political, and military vitality and cohesion of the West and of the international community as a whole, including those nations and peoples who are struggling to defend themselves against Soviet or Soviet-sponsored subversion and aggression. But President Reagan also has sought to establish a new pattern in the relationship. The heart of that process has been the framework provided by our four-part dialogue: human rights, negotiated settlements of regional conflicts, expanded exchanges between our peoples, and arms reduction. This framework stresses practical ways to deal with the sources of mistrust and tension that have characterized East-West relations for most of this century.

Thus, the United States is committed to maintaining a balance in U.S.-Soviet military forces, while at the same time seeking mutual, verifiable, and stabilizing arms reductions. We have made clear to the Soviet Union that we will resist encroachment on our vital interests and those of our allies and friends. However, we obviously have a common interest in averting nuclear war. We remain interested in expanding bilateral contacts and in cooperation based on reciprocity and mutual interest.

Traditionally, U.S. leaders have stressed a strong national defense as the starting point for protecting U.S. interests in dealing with the Soviet state. The United States seeks to restrain aggressive Soviet international behavior, such as the continuing Soviet war against the Afghan people; military support to Marxist governments in Angola, Nicaragua, and other countries; and support for terrorist states like Libya. It has actively assisted free peoples resisting Soviet aggression.

While working to reduce the chances of war, the United States has accepted the challenge of peaceful competition with the Soviet Union. The United States welcomes comparison of its open, free, market-based society with the Soviet system.

The U.S. Government continues to press the Soviet Union to improve its human rights record and comply fully with the provisions of the Helsinki Final Act, which committed governments to encourage the free movement of people, ideas, and information across international borders. The United States has urged the Soviet Government to lift restrictions on the free emigration of Jews and others and to end the practice of arresting and harassing human rights activists.

Simultaneously, the United States stands prepared for mutually advantageous cooperation with the Soviet Union in nonstrategic trade, cultural exchange, health, and welfare. The U.S. Government has established a market for its grain sales in the U.S.S.R. It also has repeatedly sought Soviet assistance in dealing with a variety of international problems ranging from environmental matters to political issues such as terrorism.

The Middle East

The United States has vital political, economic, and strategic interests in the Middle East. We share a longstanding friendship and mutual concerns with Israel and other pro-Western states in the region. The security, stability, and economic health of these states is an important goal in its own right, and it helps us achieve our objectives in the Middle East and elsewhere.

The economic well-being of the free world is intimately tied to the continued availability of Middle Eastern oil. The Middle East possesses 63% of the free world's oil reserves and produces 25% of its crude oil. Important shipping and trade routes through the region must be kept open to ensure the unimpeded flow of oil.

We have a strategic interest in ensuring that this region does not come under a hostile power. The ascendency in the region of either the Soviet Union or revolutionary Iran would be highly detrimental to U.S. interests. U.S. influence in the Middle East provides an important counterweight to the ambitions of these states. The United States faces many challenges in the Middle East and North Africa.

- Six regional conflicts threaten stability in the area—the Arab-Israeli dispute; the Iran-Iraq war; the Soviet occupation of Afghanistan; continuing turmoil in Lebanon; the western Sahara conflict; and Libya's invasion of Chad.
- The growth of anti-Western political movements threatens the security of our traditional friends in the region.
- State-supported terrorism endangers the lives of civilians and government officials, threatens those willing to make peace, complicates the ability to negotiate by souring the atmosphere, and weakens the economy of friendly states by discouraging tourism.

We aim to promote peace and stability by:

- Hastening negotiated settlements of the Arab-Israeli dispute and the Iran-Iraq war and an end to the Soviet occupation of Afghanistan;
- Restoring national unity in Lebanon;
- Bolstering the security and economic well-being of Israel and moderate Arab nations;
- Enhancing the quality of life for Palestinians in the West Bank and Gaza in order to preserve their hope and improve their economic and political prospects for the future;
- Helping our friends in the Persian Gulf protect themselves and international shipping lanes; and
- Isolating and deterring state sponsors of terrorism.

The Arab-Israeli Peace Process

The United States long has pursued a just and enduring peace settlement between Israel and its Arab neighbors and a just solution to the Palestinian problem. Four major Arab-Israeli wars have inflicted tremendous destruction on the people of the Middle East. The Arab-Israeli conflict continues to be a cause of political tension, violence, and extremism, which are a threat to U.S. interests in the region.

We seek a comprehensive peace based on UN Security Council Resolution 242. The United States is convinced that only direct negotiations between the parties offer a viable avenue to a durable settlement. We are prepared to consider any path to direct negotiations, including an international conference, that could lead immediately to such negotiations and that is acceptable to all the negotiating parties. Jordan continues to play a key role in the search for a negotiated settlement. Every stage of the process should include Palestinians who are willing to participate as part of a joint delegation with Jordan in direct negotiations.

President Reagan's peace initiative of September 1982 remains the cornerstone of U.S. efforts in the peace process. The President's proposal rests squarely on Resolution 242 and is fully compatible with the Camp David framework. It calls for a peaceful settlement, achieved through direct negotiations, which will provide for Israeli security while realizing the legitimate rights of the Palestinian people. As Secretary Shultz has noted, "There will be no peace without Israeli security, but Israel will never be secure without peace."

The United States believes that improvements in the quality of life of Palestinians in the West Bank and Gaza can contribute to an atmosphere conducive to the peace process, giving Palestinians hope about

the future and making it more likely that Palestinian partners emerge. We fully endorse Jordan's initiative to pursue a comprehensive plan of development assistance to improve living conditions in those areas.

Although the road to peace seems slow and tortuous, progress has been made. The United States has encouraged Egypt and Israel to solidify their relationship in accordance with their peace treaty of 1979. We took the lead in 1981 in establishing the Multinational Force and Observers which facilitated the return of the Sinai Peninsula to Egypt. In September 1986, through U.S. diplomatic efforts, Egypt and Israel agreed on arbitration procedures, currently in progress, to resolve the status of Taba, a small disputed area along the Egyptian-Israeli border. With U.S. support and encouragement, contacts between the Israeli and Egyptian peoples continue to increase. These include working-level and high-level official contacts and a growth in trade and tourism.

Moderate Arab reaction to the meeting between King Hassan of Morocco and Israeli Prime Minister Shimon Peres in July 1986 demonstrates that the Arab world is coming to realize that direct contacts with Israel are acceptable and beneficial. After the Arab League summit of November 1987, eight Arab countries restored full diplomatic relations with Egypt. Egypt is resuming its previous leadership role in the Arab world while continuing its support for the peace process.

Close U.S. ties with both Israel and key Arab states make it possible for us to help move them toward greater peace and security. We are the only superpower trusted by both parties to play an effective mediating role. During the past 15 years in particular, the United States has used its influence in attempting to mediate viable agreements in the region. We were instrumental in getting Israel and Egypt to reach agreement at Camp David and then to sign a peace treaty. U.S. economic and security assistance and transfers of arms and technology have helped the United States build bridges to both parties in the Arab-Israeli dispute. Israel is the largest recipient of U.S. security assistance in the world; Egypt is the second largest.

The Arab States. Economic and security assistance to friendly Arab states, such as Egypt and Jordan, is essential to our pursuit of peace and stability in the region. It helps moderate Arab nations defend themselves from foes of the peace process and opponents of our common interests in the region, thereby demonstrating our commitment and enhancing deterrence.

Israel. The United States and Israel have a rich relationship based on many shared values and interests. The U.S. commitment to the security and integrity of Israel has been constant. Recently, new institutional links have reinforced our traditional ties.

- The Joint Political Military Group meets on a regular basis to review areas of mutual interest;
- The Joint Economic Development Group reviews Israeli economic development goals and the role of U.S. assistance; and
- A free trade area strengthens and develops the two nations' commercial relations.

The United States has no illusions that by itself our economic and security assistance to the region can resolve the conflict and fully protect key U.S. interests. But it provides important building blocks on which to pursue a better future.

Lebanon

Continued violence in Lebanon remains a matter of deep humanitarian and political concern. The United States supports Lebanon's unity, sovereignty, and territorial integrity. Its political problems cannot be resolved by force, and a dialogue among the various factions offers the best opportunity to reach a genuine consensus on Lebanon's political future. We endorse efforts to end the fighting, disband the militias, bring about the withdrawal of foreign troops, and promptly reestablish a dialogue leading to political reform and security through national reconciliation. The United States also believes that the UN Interim Force in Lebanon is a stabilizing element in the southern part of the country and could play a key role in future long-term security arrangements between Israel and Lebanon. Recent cuts by the Congress to assessed U.S. contributions to this UN force threaten the viability of this vital peacekeeping activity.

The Persian Gulf

The United States is deeply interested in the security and stability of the Persian Gulf region. Maintaining unimpeded access to gulf oil resources is critical to the economic health of Western Europe and Japan. Those resources and that trade itself are of vital significance to the interests of the United States. This dependency on Middle East oil will sharply increase in the future, as the free world's oil reserves are depleted and the demand for energy rises. In 1973–74 and 1978–79, a

5% disruption in Middle Eastern oil supplies triggered a steep increase in oil prices which, in turn, sharply escalated inflation, severely damaging the economies of both the affluent and poorer countries of the world.

The United States seeks to preserve the security and stability of friendly gulf states that share our interests and objectives in the region. It also seeks to limit the Soviet presence in this area. The United States considers an unimpeded flow of Middle East oil to be of such vital interest that two administrations have pledged to use force if necessary to protect it.

Iran-Iraq War. The war between Iran and Iraq, now in its eighth year, endangers access to vital sea routes and a secure supply of oil for close friends and allies. It increases the threat that an anti-Western, radical Iran poses to the political stability of moderate states in the gulf region. It also provides an opening for the Soviet Union to expand its presence in the region.

This war, one of the bloodiest in contemporary history, also is a matter of deep humanitarian concern. Since 1980, more than 1 million people—both civilians and military personnel—have been killed or wounded. Artillery and air bombardment have razed parts of cities; chemical weapons have inflicted their gruesome damage on both combatants and noncombatants alike; and some economic infrastructure of both countries lies in ruin.

A Negotiated Solution. U.S. diplomacy is pursuing, in the words of Secretary Shultz, "an equitable and lasting peace, with neither victor nor vanquished, without loss of territory by either of the combatants."

- The United States has engaged its allies, moderate states in the region, and the Soviet Union in discussions on how to terminate the war.
- Since the war's outbreak, the U.S. Government has supported UN efforts to end the conflict. In July 1987, it led efforts in the United Nations that resulted in the unanimous adoption of a UN Security Council resolution ordering an immediate cease-fire, a return to boundaries, and a negotiated settlement. The United States continues to work intensively in the Security Council to implement that resolution.
- The United States also seeks to limit Iran's ability to buy weapons. This effort, called "Operation Staunch," is aimed specifically at Iran because, unlike Iraq, it has rejected all calls for negotiations.

Regional Security. While these efforts go forward, the United States continues to protect its interests by helping improve the security of friendly gulf states, all of them members of the Gulf Cooperation Council (GCC). We support the individual and collective security efforts of the GCC members: Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman. U.S. security assistance and arms sales programs to Saudi Arabia and other moderate states in the gulf help them to address their legitimate defense needs, prevent a spillover of the Iran-Iraq war, and limit the possibility that U.S. forces might have to intervene in a crisis.

As an example of this approach, the United States in 1987 responded positively to Kuwait's request to register a number of its tankers under the U.S. flag. The U.S. Navy is protecting these ships—which do not carry contraband or serve belligerent ports—while they transport oil through the Persian Gulf. This is a limited commitment, intended to assist Kuwait in resisting intimidation by Iran, to limit Soviet military presence and influence in the gulf, and to demonstrate our reliability as an ally.

Afghanistan

Since the Soviet Union invaded Afghanistan, a neutral, nonaligned nation, in December 1979 and installed a client regime to replace the existing Marxist government, the United States and the rest of the world have voiced strong opposition. The United States has two major concerns about the situation in Afghanistan.

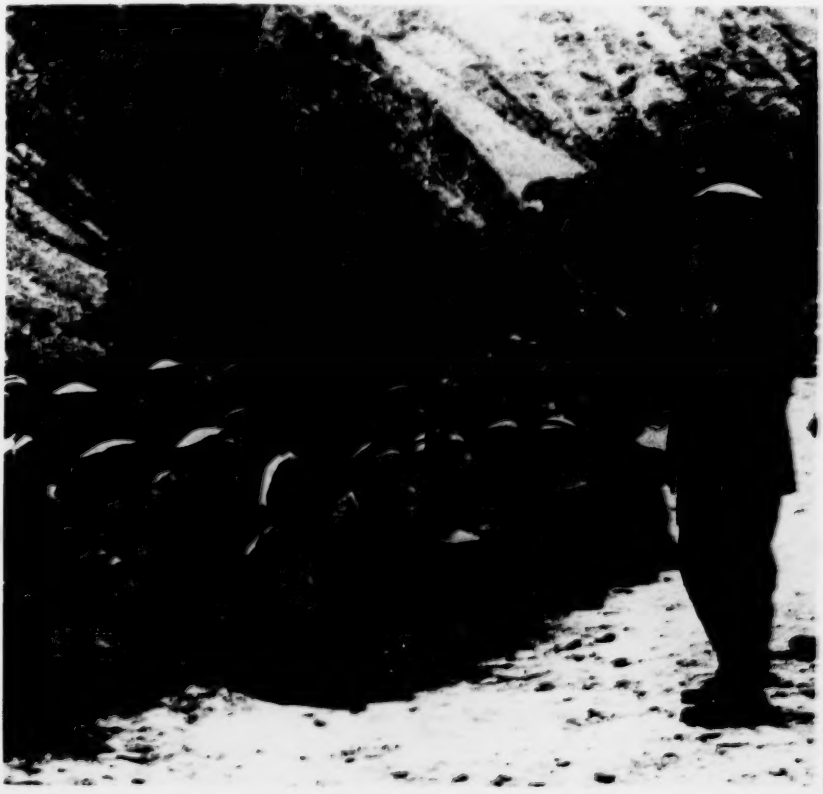
Strategic. The invasion constitutes the first use of Soviet troops outside Europe since World War II and threatens to upset the global strategic balance.

Humanitarian. The present regime and the Soviet occupation deny the Afghan people the right to choose their own government and inflict severe suffering on the population.

The Democratic Republic of Afghanistan, centered in Kabul, is faction-ridden and unpopular. The Afghan resistance, the *mujahidin*, has grown stronger. Although vastly outnumbered by better trained and armed Soviet forces, the resistance is scoring limited, but increasing, successes against the Afghan regime and Soviet troops. The *mujahidin* have made it clear that the only alternative to further fighting is the prompt and complete withdrawal of Soviet troops. Resistance gains have weakened the Kabul regime's morale and have accelerated defections from its army.

The UN Special Rapporteur has described the situation in Afghanistan as "approaching genocide." More than one-third of Afghanistan's prewar population of approximately 15 million has been violently displaced; hundreds of thousands have been killed and wounded; and an estimated 4 million Afghans have fled abroad, to become the world's largest refugee population, mostly located in neighboring Pakistan. The Soviet Union has escalated the conflict by conducting bombing raids and sponsoring terrorist acts inside Pakistan. We commend Pakistan because, even as these attacks increase, it remains determined to resist intimidation and to seek a political settlement consistent with UN resolutions.

A Political Settlement. The United States supports Afghan efforts to retain their freedom and a withdrawal of Soviet troops. We



Mujahidin Commander Masood teaches military tactics in the Panjsher Valley of Afghanistan.

endorse the eight UN General Assembly resolutions adopted since 1980 and their call for a negotiated political settlement based upon four principles:

- Complete withdrawal of foreign forces (i.e., Soviet troops);
- Restoration of an independent and nonaligned Afghanistan;
- Self-determination for the Afghan people; and
- Return of all of the refugees from Afghanistan with safety and honor.

The parties have agreed to three of these four principles; the outstanding issue remains the timetable for Soviet troop withdrawal. A U.S. guarantee of the UN-negotiated settlement could only be given in the context of a rapid and complete Soviet withdrawal and restoration of Afghan neutrality and self-determination. We will not endorse any agreement, however, that does not have the Afghan people's broad support.

In bilateral discussions with Soviet leaders, U.S. officials continue to urge the Soviet Union to withdraw from Afghanistan. Secretary Shultz has indicated to the Soviet leadership that the United States seeks no strategic advantage in Afghanistan and that a just settlement would remove a major obstacle in U.S.-Soviet relations. We welcome Soviet professions of their interest in settling the conflict and hope that these words will be matched by the deeds needed to end the war.

U.S. Support for the Resistance. In the absence of a political settlement, the United States continues to support the Afghan resistance. Seven resistance parties have formed an alliance, and the United States and most countries of the world consider this group to be a genuine spokesman of the Afghan people in their struggle for freedom. Within this context, the United States and others provide appropriate assistance, including humanitarian aid.

The United States has expanded its efforts to provide humanitarian assistance to Afghans inside and outside Afghanistan. In fiscal year 1988, the humanitarian assistance program for war-affected Afghans is budgeted at $45 million. The United States also spent $484 million between 1980 and 1986 to help Afghan refugees in Pakistan.

Latin America and the Caribbean

Democracy is on the march in the Western Hemisphere, with the potential for transforming politics, societies, and economies for the better. There is hope that Latin American countries may finally be able to escape past cycles of civilian governments lacking authority and military governments lacking legitimacy. As late as 1976, only about 30% of Latin Americans lived under democratic governments. Now, some 90% live in countries whose governments have fostered democratic practices.

The United States welcomes this trend. It provides a basis for greater regional security; better cooperation among governments; and increased economic, social, and political well-being for their peoples, including an improvement in human rights. It confirms U.S. confidence that democracy will continue to play a constructive role in Latin America.

This democratic process reflects complex forces, including social change and economic development, the growth of stable institutions, and political and cultural shifts. Influences from outside the region also have been important, including U.S. support and the influence of Spain and Portugal, which have made successful transitions to democratic rule.

Nevertheless, there are Latin American countries which are not democratic and which have serious human rights problems, such as Chile, Nicaragua, Panama, and Paraguay. In the Caribbean, Haiti is struggling to overcome its autocratic heritage and become more democratic. The United States encourages democratic reform in all these countries.

Threats to civilian, freely elected governments continue: militarism, inequitable distribution of wealth and income, economic problems such as large inefficient public sectors and very high levels of external debt, institutional weakness, illegal narcotics trade, and polit-

ical extremism and totalitarianism. Some nations' internal weaknesses are exploited by direct or indirect external influences, particularly from the Soviet Union and Cuba.

U.S. Role

The United States has contributed to democracy in the region, especially in Central America, through a variety of policies and programs, including:

- Regional cooperation among democratic political parties;
- Democratic leadership training;
- Economic and security assistance;
- Support for private-sector organizations;
- Liaison with trade unions;
- Peace Corps volunteers;
- Antinarcotics assistance to such countries as Colombia, Bolivia, and Peru; and
- Educational development and exchange.

These wide-ranging programs alone cannot assure the region success in economic and political development. Nor can they assure the region's security. The real work must be done by the Latin American and Caribbean peoples themselves. But U.S. efforts constitute an essential support for regional and national efforts. Without them the future would be more difficult and, in many cases, more dangerous.

Our Southern Neighbor: Mexico

The political and economic stability of Mexico is very important for U.S. interests. The two neighbors have a flourishing trade. The United States imports Mexican oil for its Strategic Petroleum Reserve. U.S. companies are actively investing in the country. Many U.S. citizens work and retire in Mexico. The two countries face common problems, such as the illegal flow of drugs, migration, and environmental problems along the border. Mexico has a huge external debt of more than $100 billion, some of which is owed to U.S. banks. The United States has maintained close contact with Mexican public and private sector officials on these and other issues, and we have played a constructive role with Mexico in dealing with trade and debt matters.

Brazil

Brazil is the largest country (both in land area and population) in Latin America; it has an important influence in the hemisphere and beyond. Political relations between the United States and Brazil have been friendly. Brazil's economic dynamism and increasing industrialization have resulted in sizable U.S. investments there and substantial trade flows with the United States. Nevertheless, the two countries must confront trade frictions between them. Brazil has an external debt similar in size to that of Mexico. We support Brazilian efforts to reform their economic policies and institutions to provide continued growth there.

Argentina

During the 1980s, Argentina has returned to democracy and civilian government. The U.S. Government continues to support this development. However, Argentina faces serious economic problems, including a large external debt, rapid inflation, and a large, inefficient public sector. In cooperation with multilateral financial institutions, the United States encourages the implementation of rational policies that will lay the basis for faster growth and a more efficient economic structure in Argentina.

Democratic Success Story: El Salvador

The real story of El Salvador in the past 10 years is the triumph of a people seeking democracy in the face of formidable threats. In 1979, the military government supported by the wealthy elite was overthrown. In 1981, leftist guerrillas, backed in particular by Cuba and Nicaragua, mounted what they termed a "final offensive" to gain power in El Salvador. That failed, largely for lack of popular support.

As a result, four times in 5 years, under intense international scrutiny, massive numbers of voters braved violence to cast ballots in highly competitive nationwide races. In 1984, a majority of all adult Salvadorans twice defied guerrilla appeals for a voter boycott to vote in the first truly free presidential elections in 12 years. The results: Christian Democratic leader Jose Napoleon Duarte, who had been denied the presidency by the military in 1972, was elected over retired army major Roberto D'Aubuisson and six other candidates.

Since then, in the face of hardship and struggle, El Salvador has kept on its democratic path. The war against communist-backed guer-

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Elections in El Salvador.

rillas continues, and a reformed Salvadoran army is meeting that challenge under civilian control and with an improving human rights record. Despite the war and a devastating earthquake, El Salvador's civilian institutions are growing stronger, periodic free elections have been held, and political violence has been slowly, but steadily declining. The legitimate political opposition operates in the legislature, in labor unions, and in public demonstrations. But more needs to be done, and democratization must continue.

Nicaragua

U.S. objectives in Nicaragua, in Secretary Shultz's words, are straightforward:

> We want the Nicaraguan regime to reverse its military buildup, to send its foreign advisers home, and to stop oppressing its citizens and subverting its neighbors. We want it to keep the promises of the coalition government that followed Somoza's fall: democratic pluralism at home and peaceful relations abroad.

Our Nicaragua policy is consistent with the Contadora process—a mediation effort by Mexico, Panama, Colombia, and Venezuela to produce a regional peace treaty. The United States has supported a com-

prehensive and verifiable implementation of the September 1983 Contadora Document of Objectives, a statement of 21 goals agreed to by the Central American states—including Nicaragua. Implementation of these objectives is the best hope for a durable peace.

In August 1987 at Guatemala City, leaders of five regional countries agreed on a plan designed to achieve peace as well as to promote democracy in the region. The plan, devised by Costa Rican President Arias, has achieved several results, including ceasefires in three Central American nations. The United States hopes that it will continue to produce solid progress. As President Reagan has said,

> We welcome the Central American initiative and are willing to work with our Central American friends as they perfect and implement it, consistent with our national interests and our commitment to those fighting for freedom in Nicaragua.

Sandinista Military Buildup. Today, the Nicaraguan army has about 80,000 active duty troops, with about 40,000 more in ready reserve, 400 armored vehicles and tanks, and advanced Soviet attack helicopters. No other country in Latin America has as many tanks and armored vehicles as Nicaragua; all the rest of Central America and Mexico combined have fewer tanks than Nicaragua. Although the Sandinista army is principally a vehicle for internal control, this buildup and related Sandinista support for external subversive groups have produced anxiety among Nicaragua's neighbors, and have promoted regional instability. Nicaraguan Defense Minister Humberto Ortega's recent statements and Sandinista defector Roger Miranda's subsequent revelations concerning a planned military buildup to 600,000 troops and military agreements between Nicaragua and the Soviet Union, including the supply of MiG fighters to Nicaragua, further emphasize the threat Nicaragua poses to stability.

In July 1979, there were no foreign military advisers in Nicaragua. Now there are advisers from the Soviet Union and some 500 from Cuba, according to Miranda. In addition, there have been assorted advisers from East Germany, Bulgaria, and Libya as well as from the Palestine Liberation Organization. The Soviet Union and its allies have provided $2.1 billion in military assistance to the Sandinista government since 1981.

Regional Subversion. The Nicaraguan armed buildup is designed to assure internal control and to provide a shield from behind which Nicaragua can pursue its strategy of regional destabilization and subversion. Nicaragua has issued passports to and allowed the presence of radicals and terrorists from the Middle East, Latin America, and Europe. Agents for the Palestine Liberation Organization use Nicaragua as a base for operations in the hemisphere. Moreover, Nic-

aragua has received covert assistance in weapons and training from Libya's Colonel Qadhafi. Arms have been passed to radical forces in El Salvador and Honduras and to guerrillas in Colombia.

In short, Nicaragua's subversive/terrorist network, in combination with a number of other factors, could disrupt emerging and fragile democracies in the region even further, while its military strength could deter threatened neighbors from taking legitimate actions to defend themselves. This strategy could succeed without determined opposition by the United States and other hemispheric nations. Nicaragua's neighbors, other Latin American states, and the United States have other goals: regional peace and stability, economic development, and democratic institutions.

The U.S. Response. Three years ago, in its report to Congress, the National Bipartisan Commission on Central America stressed possible consequences if the United States failed to meet the challenge represented by Nicaragua: we would need to divert resources from other vital areas to defend our southern approaches; Latin America would suffer from increased violence, dislocation, and political repression as communist subversion spread; and U.S. influence worldwide would suffer from the perception that we were unable to influence vital events close to home.

In March 1987, President Reagan echoed the Kissinger commission: "The Soviets are challenging the United States to a test of wills over the future of this hemisphere." He then outlined what bipartisan actions must be taken to support the stable, longstanding democracy in Costa Rica and the developing democracies in El Salvador, Guatemala, and Honduras. The key components are additional economic and security support for the region, continuing diplomatic efforts to achieve a lasting peace, and a defense against further consolidation of communist governments.

U.S. Economic Aid for Central America. Because economic progress and security are essential to a democratic future for Nicaragua's neighbors, the U.S. Government has approved slightly more than $1 billion in economic assistance for the area in FY 1987. We also have earmarked approximately $190 million in security assistance, which is designed to buttress those democratic neighbors who cannot yet simultaneously provide for their peoples' basic economic and security needs.

The Democratic Resistance. Nicaraguan resistance forces, known generally as the "contras," have played a vital role in U.S. efforts to create incentives for Sandinista compliance with the results of regional diplomacy. As Secretary Shultz has stressed, diplomacy without lever-

age is impotent. The United States has tried to convince the Sandinistas that an option for authoritarian control at home and subversion abroad does not exist for Nicaragua in a region rapidly moving the other way.

Caribbean Region

The Caribbean countries are close southern neighbors of the United States. They are expanding economic and other ties with each other. The United States has implemented the Caribbean Basin Initiative, which allows countries of the region (except Cuba) to export most of their goods duty free to the United States over a period of 12 years. We would like to expand the list of eligible products and extend the coverage to 20 years.

Cuba

For more than a quarter century, relations between the United States and Cuba have been characterized by mutual suspicion and tension. This is unlikely to change unless Cuba moderates its hostility to the United States and ceases acting as a Soviet surrogate.

- With Soviet support, Cuba has become a formidable military power, openly hostile to the United States. It has the largest armed force in Latin America and the Caribbean.
- Cuba has fomented revolution in Latin America and beyond with its own troops or surrogates. Castro asserts that the Cuban people have a "duty" to support revolutionary internationalism and wars of national liberation.

U.S. Goals. The United States is determined to:

- Press the Cuban Government on a range of human rights issues in international forums such as the United Nations and the Organization of American States;
- Continue working for the removal of Cuban advisers from Nicaragua through the recently established Central American peace plan and from Angola through negotiations with the Angolan Government and others involved in the regional conflict in southern Africa; and
- Contain the export of Cuban-style revolution in this hemisphere through a balanced program of economic, political, and security assistance, particularly in Central America and the Caribbean.

The United States is assisted in its efforts by a number of factors. Although the Cuban model has been touted by its supporters all over the world for a generation, it has failed to "catch on." In fact, it is usually viewed with alarm. The recent history of Grenada is a case in point. Grenada's democratic neighbors became so concerned about developments there that they asked the United States to help them send Castro's soldiers home.

Even Castro admits that the Cuban economy is in serious trouble. Cuba is still dependent on sugar, productivity is low, and large external debts cannot be paid. Without massive Soviet support ($4.5 billion per year) and loans from other foreign sources, its economy would be in even more difficulty.

The most decisive factor against the realization of Castro's goals for the region is the spread of democracy itself. The U.S. Government believes that the best policy against Castro's plans is firm adherence to our long-term pursuit of democratization and human rights, economic development, and regional security and stability. These have worked well in other parts of the world since the end of World War II, and they will continue to work in this hemisphere, for the benefit of our neighbors and ourselves.

Sub-Saharan Africa

A peaceful, secure, and economically productive Africa is in the best interests of Africans and the American people. Africa can be an effective partner strategically, politically, and economically. The United States supports an Africa that can feed and provide jobs for a growing population, produce and market its products competitively abroad, achieve democratic aspirations and enjoy the full range of human rights in peace and security, and eliminate the causes of internal conflict.

By assisting the African nations to break through the barrier of poverty and civil turmoil and by providing free market incentives toward economic and social progress, we help those nations achieve political stability, self-reliance, and sustained growth. Stability means a more secure world for all. Self-reliance helps to thwart subversion and civil war. Sustained growth leads to increased trade and, for us, more American jobs. Economic and humanitarian assistance to those who are poor and hungry is in the finest tradition of the American spirit. By improving social and economic conditions in African countries, we do more than help people in need—an important end in itself. We also create and expand markets for American farm produce and manufactured products, and we help to ensure a continued flow of strategic minerals vital to our security.

Africa represents major challenges for U.S. foreign policy. Two of the greatest are:

- How to help the countries of sub-Saharan Africa initiate and sustain economic growth to enable them to attain food self-sufficiency and equitable, long-term economic development; and
- How to assist the countries of southern Africa to achieve regional stability and internal peace, including the end of apartheid and the establishment of truly representative government in South Africa.

Development and Reform

Sustained and equitable economic development is the key to combating the social and economic problems that go hand-in-hand in Africa. Achieving long-term growth will require most African countries to adopt significant structural reforms.

Virtually all 46 nations of sub-Saharan Africa, with a combined population of more than 400 million people, face an economic crisis of stark proportions. This crisis of low economic growth and productivity has many causes: drought, the effect of recession in the developed world and concomitant lower commodity prices for major African exports, the impact of 1979 oil price increases, civil turmoil, official and private sector corruption, and, particularly, mistaken economic policies, such as insufficient incentives to farmers, subsidies to urban dwellers, and heavy reliance upon inefficient public sector enterprises.

Change is in the wind, however. Many African countries have begun to recognize that market-oriented economies offer the best potential for realizing their development needs. At the UN-sponsored Special Session on the Critical Economic Situation in Africa in May 1986, African leaders presented an action program that included commitments to give priority to agricultural development and to undertake various economic reforms. They pledged to strengthen investment incentives, review public financing policies, improve economic management, and encourage domestic resource mobilization and the role of the private sector. Many sub-Saharan African countries have recently embarked on or are about to initiate major structural reforms—including Senegal, Kenya, Somalia, Uganda, Guinea, Ghana, Mozambique, Zaire, and Tanzania.

These market-oriented reforms are just beginning to bear fruit, but they are not without cost—economic dislocation, austerity measures, and alienation of urban elites on which political power has been based. That is why it is so important for the United States to support our African friends as they try to implement the very reforms we have long been urging them to adopt. Failure to support them promises continuing crises and turmoil that will undermine Africa's future as well as U.S. interests.

Supporting Economic Reform and Growth

The United States has encouraged structural economic reform in sub-Saharan Africa.

- Both the African economic policy reform program, which provides flexible assistance to countries undertaking critical policy re-

forms, and the Food for Progress program, which supports market reforms in the agricultural sector, encourage efforts by African governments to move toward freer markets and private initiative.

- The U.S. reform program stimulated the establishment of the Special Facility for sub-Saharan Africa, set up by the World Bank to provide supplementary funding in 1986 and 1987 to sub-Saharan countries undertaking economic reform.
- The United States strongly supports the Development Fund for Africa, which was incorporated into the Administration's FY 1988 budget request. Under this flexible financing instrument, the United States will continue to make substantial funding available for those nations pursuing aggressive policy reforms in the agricultural sector and other areas (e.g., a reduced civil service and a more realistic exchange rate).
- The United States cooperates with the International Monetary Fund and the World Bank to ease Africa's debt situation as an additional means of stimulating economic growth. We also fully support the international financial organizations in requiring structural reforms in return for renewed financial assistance.

U.S. policy is to help Africans help themselves. Our assistance is crucial in sustaining e effort to adopt free market principles and to attain international npetitiveness. This effort must be long-term in nature because of per capita incomes and the lack of trained manpower in most African countries. If standards of living fall and political instability increases, U.S. influence in the region would suffer. The current threat to meaningful funding of economic assistance programs, described later, would have a negative impact on African economic development. We cannot allow that to happen.

Emergency Economic and Humanitarian Assistance

In the short term, U.S. initiatives are intended to alleviate economic and social distress caused by famine and natural disasters. These include the following:

- The United States has led the world in providing emergency assistance to Africa to combat the consequences of drought, famine, and other disasters. From 1984 to 1986, the United States provided more than $2.2 billion of food and relief supplies to hard-hit African countries. To prepare for future emergencies, the United States is

helping to establish a famine early warning system, combining first-hand knowledge of local conditions with high technology such as remote sensing data.

• The United States provided almost $9 million in 1986 toward development of an international control effort to eradicate the worst grasshopper/locust infestation to hit Africa in 60 years. The United States continues to work with the international donor community to plan and execute effective followup efforts.

• In March 1987, President Reagan approved the action program recommended by the interagency Task Force To End Hunger in Africa by the year 2000. The program emphasizes a more flexible and better coordinated U.S. Government approach to Africa and a wide-ranging effort to draw increased support from African governments, other international donors, private voluntary organizations, and private business.

Southern Africa

The root cause of instability and violence in the region is the system of apartheid in South Africa. The United States is completely opposed to this system of racial separation and discrimination, which we hope will be eliminated rapidly and by peaceful means. Although our influence is limited, we intend to play an active role in pursuit of that goal. We support those South Africans who are working to bring about peacefully a just and democratic society. Such a system would include equal rights for all, a democratic electoral system with multiparty participation and a universal franchise, and the rule of law.

The current cycle of repression and resistance in South Africa will resolve nothing. The state of emergency—with its attendant denial of civil liberties, press freedom, and due process of law—can only undermine prospects for nonviolent change. Government repression will only deepen the determination of black South Africans to end the apartheid system that denies them fundamental political and human rights. On the other hand, recourse to violence by the black opposition only stiffens white resistance and undermines those advocating peaceful reform and negotiations.

In the economic area, we support a southern Africa that:

• Is self-sufficient in food production and is building wealth through its mineral and agricultural production;

• Manufactures more of its own capital goods and generates more internal capital from locally owned companies;

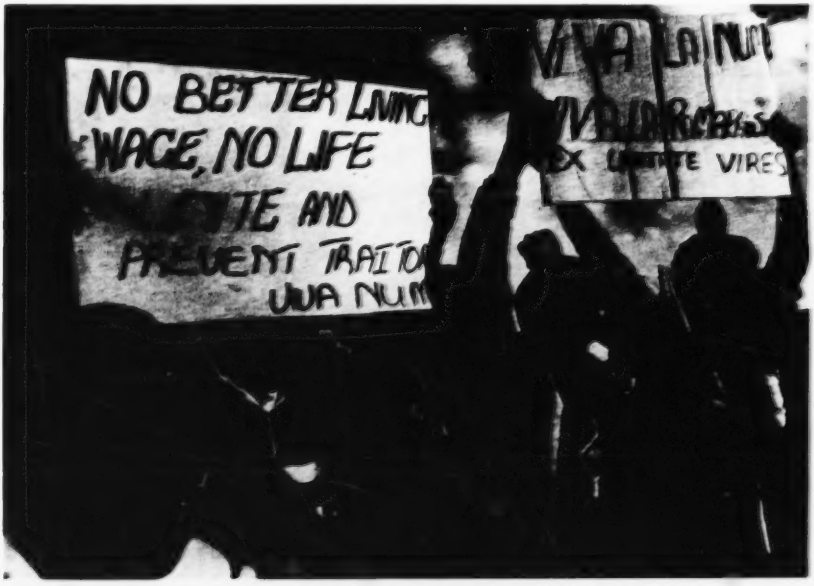
• Can offer new employment and increased incomes to a skilled workforce that can move peacefully across borders in search of employment; and

• Has diverse economies, interlinked through efficient transportation and communication systems, with substantial and balanced regional trade.

Southern Africa Economic Initiative. To help Africans achieve these goals, the United States launched a comprehensive multiyear program in February 1987. It is intended to promote economic reform and development in Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zaire, Zambia, and Zimbabwe. Funding proposed under this initiative would build upon our previous annual levels of assistance to the region; $37 million has been appropriated (for the Tazara railroad) in FY 1987, and $50 million has been allocated for FY 1988.

Developed in consultation with many of the affected governments, this initiative supports:

• The rehabilitation of important regional transport and port facilities;



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Striking South African miners demand higher wages.

• Economic, trade, and monetary policy reforms designed to attract more investment to the region, both foreign and indigenous;

• Mechanisms to facilitate trade among the southern African countries and with the rest of the world, thereby reducing the region's unhealthy economic dependence on South Africa; and

• Improved use of natural and human resources to develop local industries and promote exports.

Staying Involved in South Africa. The policy of the United States is to stay involved in South Africa. That is the surest way to make a positive contribution to peace, stability, and democracy. The Comprehensive Anti-Apartheid Act of 1986, which followed selective measures instituted by Executive Order in 1985, sent a strong message of abhorrence of apartheid on the part of the American people. The immediate result, however, was a marked reduction in our ability to persuade the South African Government to act responsibly on human rights issues and to restrain its behavior in the region. We must continue to use all the instruments and leverage at our disposal to make our limited influence felt—not least of all, to pursue an active diplomacy aimed at fostering negotiations to solve South Africa's internal conflict. We intend to continue meeting with South Africans to keep open the lines of communication. And we should seek to increase our influence with South Africa's government.

U.S. Initiatives To Promote Change. Our efforts to promote peaceful and constructive change in South Africa include:

• The President's decision in September 1985 to propose a marked increase in U.S. assistance to South Africans hurt by apartheid. A 2-year, $45-million program was announced. The U.S. Agency for International Development allocated $20 million in FY 1986 and $25 million for FY 1987. These funds are provided directly to help private South African organizations carry out projects in education, community affairs, and black entrepreneurial and trade union development.

• As part of its assistance programs for the victims of apartheid, the United States is spending $3 million during FY 1986 and 1987 to promote human rights in South Africa. Human rights grants, distributed directly to community-based groups and private voluntary organizations, provide financial support for legal defense and to improve legal representation of all nonwhites in South Africa. They also support educational initiatives aimed at promoting human rights.

• The United States continues to work closely with American businesses in South Africa to encourage adherence to fair employment principles. These firms are making an important positive contribution in South Africa by challenging apartheid and by committing more than

$230 million over the past decade for scholarships, training programs, housing, medical assistance, and other benefits to black South Africans. Although we understand why some American firms have withdrawn from South Africa, we applaud the determination of others to stay there.

• President Reagan and other Western leaders have called upon the South African Government to take steps permitting the initiation of negotiations with the black opposition—by ending the state of emergency, releasing Nelson Mandela and other political prisoners, unbanning political parties including the African National Congress, and repealing or setting a timetable for repealing apartheid laws. If the South African Government took these steps, it would be entitled to expect from those it needs to negotiate with a firm commitment to cease violence and to enter negotiations.

Regional Peace and Stability. But achieving peace and stability in southern Africa requires more than resolving the problem of apartheid. It also means U.S. support for the efforts by South Africa and its neighbors to work out alternatives to confrontation and cross-border violence. Although regional and bilateral accords are subject to severe strains, we have:

• Facilitated an improvement in relations between Kenya and Somalia;

• Encouraged adherence to the March 1984 Nkomati accord between South Africa and Mozambique, which pledges each country not to aid insurgent movements on the territory of the other; and

• Supported the February 1984 Lusaka agreement providing for the disengagement and withdrawal of South African forces from Angola.

South Africa and Mozambique. Tension continues to exist between Mozambique and South Africa over South African assistance to the Mozambique National Resistance Movement (RENAMO) and South African charges that Mozambique still harbors guerrillas of the African National Congress. The United States urges the Governments of Mozambique and South Africa to fulfill strictly their obligations under their accord.

Our current support for Mozambique reflects the latter's positive reaction to U.S. initiatives in Africa. The Mozambique Government, first under the late Samora Machel and now under President Joaquim Chissano, has steadily improved its relations with the West. Mozambique has joined the International Monetary Fund and moved away from Marxist-inspired economic policies. It has played a constructive

role in southern African negotiations, denied the Soviets base rights, broken with the Soviet line on Afghanistan and Cambodia, and sought peace with South Africa.

South Africa, Angola, and Namibia. We continue to seek a diplomatic resolution of the conflict in Angola that would provide for Namibian independence and the withdrawal of all foreign forces—South African and Cuban—from Angola. Limited progress has been made, including all parties' commitment to UN Security Council Resolution 435 as the basis of settlement, and Angolan acceptance in principle of Cuban troop withdrawal. However, Angola did not respond to South Africa's conditional agreement to begin implementation of that resolution by withdrawing its troops from Angola by August 1, 1986, in return for Cuban troop withdrawal from Angola.

Lasting peace in Angola requires reconciliation among the contending parties themselves. The United States supports the National Union for the Total Independence of Angola (UNITA) as a legitimate nationalist movement that must participate in any serious effort at reconciliation among Angolans. We will continue to work actively toward the day when Angola is free of external military presence from whatever quarter.

East and South Asia and the Pacific

The United States has deeply rooted strategic, political, and economic interests in the Asian and Pacific regions. Our objectives are to:

- Advance our strategic interests and reduce the influence of potentially hostile powers;
- Strengthen the ties of friendship with the countries of the region;
- Maintain a stable, peaceful environment conducive to economic, political, and social progress;
- Encourage the emergence of more representative governments and more open markets, and the adoption of free trade principles; and
- Consult regularly with our allies in the region and assure greater security through maintenance of a stable deterrence framework.

The traditional bonds of friendship between the Asia-Pacific region and the United States are stronger than ever, and we depend increasingly on each other for our common success and prosperity. Our security treaty relations with Australia, Japan, Thailand, the Philippines, and the Republic of Korea are strong; and our various relationships with the Association of South East Asian Nations (ASEAN) and the South Pacific islands are functioning well. One of the most dramatic events in recent years has been the popularly inspired political evolution in the Philippines. The increasingly close and stable relations which we now share with the People's Republic of China are another positive development. Economic ties with Taiwan remain substantial. Our relationship with the region is not without challenges, however, and the dangers of confrontation unfortunately remain on the Korean Peninsula and in Cambodia.

Japan

Our relationship with Japan is based upon broad political, defense, commercial, financial, and personal ties. Three aspects of our partnership are particularly important.

Political. Our dialogue with Japan covers a broad range of issues. Japan and the United States cooperate closely in the United Nations and in other international organizations. Both our nations champion the renewal of democracy in the Philippines and discuss ways to revive that economy. We consult regularly about East-West and North-South relations. Japan strongly supports our arms control agenda.

Security. Japan is our key ally in the Pacific, where it makes a major contribution to regional stability. We now cooperate more closely in security matters than at any time in history. U.S. bases and facilities in Japan and other forms of host nation support enable us to maintain regional defenses. Japan's growing commitment to the U.S.-Japan security structure and its efforts in its own self-defense help U.S. forces meet the Soviet military threat throughout the Pacific.

Economic. Along with North America and Western Europe, Japan is one of the three major industrial centers among the market economies; it is our second largest trading partner. The United States and Japan are committed to an open and fair world trading system. We share responsibility for maintaining and improving the global economic system and institutions, such as the World Bank and the International Monetary Fund.

Trade issues are at the top of the U.S.-Japan bilateral agenda. In order to expand trade and lessen protectionist pressures, both nations are taking measures to reduce their unsustainable current account balances. It is important, however, to deal with these issues in the context of our entire economic relationship. Many people tend to focus solely on our trade deficit with Japan, not on the enormous long-term capital flow to the United States that is helping to finance the growth of the U.S. economy. Most assets in this country, however, are still held by Americans.

The trade issue has spawned calls for protectionism, but this will not correct our trade deficit. During the past several years, we have developed a firm and consistent set of policies to deal with the trade issue. These include:

- Working for the removal of trade barriers that hinder the access of U.S. products to the Japanese market;
- Encouraging further liberalization of Japan's financial and capital markets;

• Encouraging structural adjustment in the Japanese economy to reduce its reliance on exports for growth, and to move toward more domestic-led growth;

• Cooperating with Japan to strengthen the world trade system; and

• Supporting Japanese efforts to take steps to quell protectionist forces and to assume the full responsibility of an economic superpower by becoming a major importing as well as exporting nation.

South Korea

The United States has compelling interests in developments on the Korean Peninsula. The Republic of Korea faces a threatening and well-armed northern neighbor, committed to reunification of the peninsula on its own terms. North Korea's state of preparedness gives it a significant military advantage over its southern neighbor.

U.S. policy toward the Republic of Korea rests upon three interdependent components: security, democracy, and economic partnership. A stable economy promotes greater security, greater security enhances the economy, and steps toward democracy enhance both security and economic progress. The U.S.-South Korean relationship must include all three dimensions.

Security. Because a North Korean attack on the South would devastate both countries and risk a major power confrontation, security is a fundamental U.S. objective. In 1954, the United States and South Korea entered into a mutual defense treaty. At the South Korean Government's request, we contribute to the Koreans' ability to defend themselves, strengthening the shield behind which the Korean people have achieved phenomenal economic growth and begun democratic modernization.

Democracy. We lend our full, unqualified support to South Korea's steps toward greater democracy. The goal of a more representative government attained through free and fair elections in 1987 was one we strongly endorsed. While we supported the process, we did not endorse any individual or party. We are prepared to work with the newly elected Korean Government to advance our already close alliance and

A South Korean family casts its ballots in the presidential election.

deep friendship. For democratic institutions to be lasting, however, the governmental structure must rest on a foundation of respect for individual rights and liberties.

Economic Cooperation. We hope to see a greater opening of the Korean economy. Korea is our seventh largest trading partner and the fourth largest market for U.S. agricultural products. Korea's economic success has made its market increasingly attractive to U.S. exporters. We will continue to pursue liberalization of Korea's market and to encourage balanced bilateral trade growth.

The Republic of Korea is one of the leading newly industrialized nations whose major domestic challenge is to make similar progress in the political sphere. Continued economic success as well as stability and security depend upon political maturity and flexibility. The United States welcomes the elements of democracy and human rights that are gradually asserting themselves.

The United States is taking several steps to support South Korea's efforts toward political change.

- We continue to cooperate with the armed forces to strengthen the military shield protecting the country. At the same time, we support the South in its efforts to reduce tension with the North.
- The United States wholeheartedly supports constitutional and legislative reform to create a new democratic political framework.

Philippines

A stable, democratic, friendly, and prosperous Philippines is important to U.S. interests in Asia. Broad ties of family, friendship, and trade link our two nations. The United States is the Philippines' leading trade partner and investor.

In its relationship with the Philippines, the United States has a number of goals:

- To support a stable democratic government in the face of a virulent communist insurgency;
- To assist efforts to restore economic prosperity;
- To support initiatives to enhance the effectiveness and professionalism of the Philippine Armed Forces; and
- To preserve U.S. interests in keeping access to U.S. military facilities at Subic Bay and Clark Air Force Base. These facilities are important to the security of the United States. They promote regional peace and stability in the face of an expanding Soviet presence. They also are vital to U.S. power projection capability and to the protection of important sea lanes in the Pacific and Indian Oceans.

U.S. support for the Aquino government has helped the Philippine people to consolidate democracy and pursue economic reforms. We must continue to provide economic and military assistance to help this important friend and ally meet its economic and security challenges, encourage American and other foreign businesses to help restore the private sector as an engine of economic growth, and work closely with other foreign governments to assist the Philippines. Such measures should ensure that the Philippine democracy will continue to flourish and that the U.S.-Philippine relationship will remain solid.

China

The United States has a friendly, nonallied relationship with the People's Republic of China. U.S.-Chinese relations have expanded greatly since normalization in 1979. It is now our fifth largest trading partner

in Asia. About 22,000 Chinese students are currently enrolled in U.S. universities, roughly 7,000 Americans are studying or teaching in China, and about 250,000 American tourists travel to China each year. The science and technology cooperation program is the largest bilateral program of its kind for each side: the United States and China have engaged in 400 cooperative activities under 29 bilateral agreements.

U.S. Objectives. We seek to promote an international environment in which China will:

- Pursue a foreign policy that is independent of the Soviet Union;
- Be a force for peace and stability in Asia;
- Give priority to modernization and improvement in the well-being of its people; and
- See benefits in further opening of its economy to the outside world and continued expansion of its ties with the industrialized democracies.

Challenges in U.S.-Chinese Relations. As our relations have matured, differences naturally have occurred. We share common strategic and regional perspectives on a broad range of issues, notably including Afghanistan and Cambodia. Both sides have sought to broaden our political dialogue in order to increase understanding and reduce disagreements. Where our foreign policies diverge, we still share common interests in reducing tensions and threats to peace.

U.S. investment in China has increased, but it continues to be constrained by investors' concerns about lack of access to the Chinese market and to foreign exchange, difficulty in repatriating profits, uncertain regulations and tax treatment, and restrictions upon managerial authority.

Although bilateral trade has expanded rapidly, the United States has experienced significant and growing deficits, in part because of Chinese administrative restrictions on imports. Such restrictions are increasingly inconsistent with China's efforts to become fully integrated in the world trading system. At the same time, the United States has negotiated controls on the growth of Chinese exports in import-sensitive sectors, especially textiles and apparel. While welcoming changes in U.S. export control policy over the past few years, China seeks further liberalization of our restrictions on technology transfers.

Taiwan. Unofficial cultural, commercial, and other relations between the peoples of the United States and Taiwan are promoted by the American Institute in Taiwan, a nonprofit organization. Since the termination of official relations in 1979, both U.S.-Taiwan trade and

private travel have continued to grow remarkably. Taiwan's trade success has resulted in growth of almost 300% in exports to the U.S. market since 1979, while imports from the United States have increased almost 100%. This imbalance, and Taiwan's tariff and nontariff barriers that partially caused it, have been the subject of extensive consultations between the American Institute and its Taiwan counterpart organization. Much progress was made during 1987 on reducing these barriers, and U.S. exports to Taiwan are now growing at a faster rate.

India and Pakistan

The United States has maintained close ties with India, the largest democracy in the world. Both countries have an interest in enhancing political stability in South Asia. India is an important recipient of economic aid from the United States and the World Bank (to which the United States is the major contributor). That assistance has contributed to the development of India's agricultural sector, its institutions, and its infrastructure. India seeks high technology from Western countries, particularly the United States, and has a large pool of skilled manpower.

Pakistan occupies a strategic position in the region. As noted earlier, Pakistan has become the temporary homeland of numerous refugees from neighboring Afghanistan. The United States has a substantial bilateral assistance program in Pakistan, not only to provide humanitarian aid to the Afghan refugees but also to promote agricultural and industrial development. Pakistan has been developing a nuclear capability. The United States is concerned by this development because of our opposition to the proliferation of nuclear weapons among nations. However, we believe that we should use quiet diplomacy to indicate our concerns, rather than cut off bilateral assistance.

South Pacific

The United States has vital security interests in the South Pacific. Since 1980, we have expanded our diplomatic presence in the region and broadened our relations with island states. In 1984, the United States publicly acknowledged the importance it places on relations with the region by extending the first invitation ever offered to a Pacific Island leader (the Prime Minister of Fiji) to visit the White House for official talks.

In 1986, the United States concluded two treaties that will significantly further U.S. interests in the South Pacific. The first involved an active U.S. role in working with regional leaders to create a long sought after environmental protection regime for the region. The second, a fisheries treaty signed by 16 island nations, guarantees the American tuna fleet access to the resource-rich South Pacific fishery for 5 years while establishing a program to help Pacific Islanders develop their own indigenous fishing industries. This treaty, unanimously ratified by the U.S. Senate in November 1987, protects U.S. economic interests in the region and blunts efforts by the Soviet Union to use regional dissatisfaction with U.S. tuna policy as a vehicle for expanding its influence in the area.

In 1986, the U.S. Government suspended its security guarantees to New Zealand under the ANZUS (Australia, New Zealand, and the United States) alliance because of New Zealand's restrictive policy regarding U.S. ship visits. The ANZUS structure has been preserved intact in order to permit the eventual restoration of full trilateral defense cooperation. However, no change in New Zealand's status as a friend-but-not-an-ally can take place as long as its legislation and policies preclude normal access to New Zealand ports by U.S. warships.

The Foreign Affairs Budget: Our First Line of Defense

The conduct of foreign affairs is America's first line of defense in the nuclear age. It represents the constant search for peace—through patient and arduous negotiation, the retention of strong allies, the pursuit of international cooperation, the effort to resolve local conflicts that otherwise might become broader, and the implementation of imaginative programs to stimulate economic growth and development. Spending to support U.S. interests abroad is an essential investment in America's strength and prosperity. And it touches us all.

Foreign affairs activities bring many benefits to the lives of American citizens whether at home or abroad. Foreign affairs spending:

- Supports a more peaceful and secure world by encouraging negotiated settlement of disputes and agreements to lessen the danger of war, helping to strengthen our alliances, building cooperative defense relations with nations providing vital military bases and facilities, and offering our friends the means to meet their own legitimate security needs;
- Stimulates the U.S. economy by creating markets abroad for U.S. goods and services—which means more jobs for American workers, paving the way for private investment overseas, and paying American farmers in almost every state for agricultural products sent to developing nations under Food for Peace programs;
- Funds our activities to advance democracy, human rights, and economic growth around the world;
- Furthers our humanitarian objectives by aiding the victims of natural disasters and promoting world health, education, and housing through our own technical and financial assistance programs and our contributions to international institutions such as the World Health Organization;

• Enables us to deal with 155 countries on many urgent issues such as terrorism and narcotics control; and

• Supports U.S. information and cultural exchange programs which promote American interests and values at a time when the "battle of ideas" has never been more important.

How much does this cost? The foreign affairs budget does all of this—and much more—for less than two cents of every budget dollar. That is a prudent investment in America's long-term security, prosperity, and democracy. If we do not make this minimal investment now, we will ultimately pay much more to repair the damage caused to our interests abroad.

The Need for an Adequate Foreign Affairs Budget

For more than 40 years, the United States has been the acknowledged leader of the noncommunist world. Pursuing an energetic and creative foreign policy in today's complex world requires adequate resources. Between 1981 and 1985, with the help of Congress, funding was steadily increased for foreign affairs activities to promote our security and prosperity and to meet the needs of our friends and the challenges of our adversaries. And we have witnessed encouraging success in many areas. To cite just a few:

• Our NATO alliance is strong and vital;

• We have built a network of strong ties in Asia;

• We have supported a remarkable worldwide resurgence of democracy, most notably in Latin America;

• We have developed markets in the Third World, which buys 40% of our exports; and

• We have encouraged and nurtured a trend in many nations away from government-directed economies and toward free market-oriented solutions to the problems of economic growth.

All of this represents important progress. But there is still much to be done. The world remains a dangerous place. International problems are complex and cannot be easily resolved by quick fixes. Therefore, Americans have to be prepared to address those problems on a steady, long-term basis and to support consistently the professional foreign affairs organizations to do the job.

But over the past few years, Congress has reduced the resources available to support our interests abroad, putting America on the verge of adopting an ill-conceived, dangerous strategy of retreat. The

United States cannot remain a first-class world power and defend our interests if we commit fewer resources to our foreign relations than our adversaries commit to theirs. Nor can we maintain our political, economic, and humanitarian values in a dynamic world environment through the strength of our military power alone.

Trend of Budget Cuts

Fiscal responsibility is essential. Our budget deficit is too large. But in the name of fiscal responsibility, we have cut our foreign affairs budget well beyond those requirements. Consequently, our ability to defend and promote our global interests has been seriously eroded.

Although spending to support U.S. interests abroad amounts to less than 2% of the total Federal budget, we have endured 3 successive years of drastic cuts. The dangerous trend is clear.

For FY 1988, Congress initially cut the discretionary foreign affairs budget accounts proportionately more than any other part of the Federal budget—from the $20.6 billion the President requested to about $17.1 billion. That's about 20%. Following the Federal budget compromise between the President and Congress in late 1987, final FY 1988 appropriations were closer to $18 billion. This compares with a FY 1985 level in excess of $26 billion. Thus, in 3 years, we have sustained a reduction of almost one-third in our foreign affairs resource base.

Impact of the Cuts

Drastic cuts like these threaten our vital interests around the globe. By attempting to save a few dollars in the short run, we are likely to wind up paying much more over the long haul. Cuts this deep mean that we can no longer meet our security commitments to our friends and allies. This endangers our security as well as theirs. We are less able to promote effectively the global economic prosperity and democratic values that are essential to our well-being. The budget reductions also raise fundamental doubts about our dependability and damage our ability to continue as the world's leading force for peace, progress, and human dignity.

Cuts in economic and security assistance face us with unacceptable choices. Either we have to stop assistance to some countries or regions so that we can maintain our commitments elsewhere, or we have to drastically pare assistance to key friends and allies to a point where it is inadequate to advance their and our security and foreign policy goals.

Damage to Our Foreign Affairs Programs

National Security. We face the choice of defending ourselves alone—at tremendous cost—or providing modest assistance to friends and allies who share our values and face the same adversaries we do. For decades, the United States has pursued the latter course because it is more effective and less expensive.

Our alliances are based on a sharing of risks and responsibilities in response to the global Soviet challenge. Security assistance to our friends and allies has been critical in the pursuit of our interests abroad. It has helped strengthen the noncommunist world for more than 40 years. Over the past 2 years, however, Congress has sharply cut these programs.

- Recent cuts have fallen heavily on our NATO allies, with whom we have base rights and access agreements. Security assistance to Spain was reduced about 75% in FY 1987, just after we opened negotiations to renew an agreement which provides us with access to military bases in that strategic country.
- Assistance to Greece and Turkey is hundreds of millions of dollars below the levels necessary if they are to meet NATO modernization goals.
- In Portugal, host to our Air Force base in the Azores, our assistance is more than $50 million below our commitment to that country.
- Assistance to Tunisia, Jordan, and Morocco in recent years has been cut by as much as 35%, endangering the security of friendly countries in an unstable area.
- Assistance programs in Africa have all but ended, and programs in Latin America are threatened. Even the International Military Education and Training Program—a truly effective and low-cost mechanism for encouraging military professionalism—is being sharply cut back.

Economic Assistance and Development. Promoting economic growth in developing countries contributes directly to our own economic prosperity as well as theirs. Helping to raise per capita incomes in those countries, for example, enables them to increase their purchases of American products. And increases in American exports lead to increases in American jobs. It has been estimated that every billion dollars worth of goods we export create about 26,000 American jobs.

But promoting social and economic development abroad requires a sustained effort and the commitment of resources on a long-term basis. In the face of budget cuts, we don't have sufficient resources to meet our goals.

We cannot meet our obligations to the multilateral development banks, which play a critical role in fostering stability and economic growth in the Third World and in helping countries address their foreign debt problems while pursuing economic growth. Last year, our funding request for these banks was cut by one-third. We remain in arrears to the International Development Association, which provides assistance to very poor countries.

In short, without adequate resources we will be unable to help sustain the promise of economic growth in countries committed to improving the lives of their people. And because our own economic well-being is tied to theirs, we, too, will be weakened.

Promoting Democratic Values. The United States has a vital stake in promoting democratic values and institutions. Democratic countries respect the rule of law both domestically and in foreign affairs. They are more stable internally and more capable of resisting subversion through their own efforts. In promoting democratic values and human rights, we are protecting our security and prosperity and advancing our basic ideals.

Democracy is advancing in countries like South Korea, where a new constitution and national elections led to a return to civilian government in February 1988. Many nascent democracies (e.g., Philippines, El Salvador) are threatened by forces from without and within. They are looking to the United States for support. Yet, drastic budget cuts place severe limits on the help we can provide.

For example, in Central America, even with the FY 1987 supplemental appropriation of $300 million in Economic Support Funds for that area, we still have a cumulative shortfall in economic assistance of more than $500 million from the funding levels recommended by the 1984 National Bipartisan Commission on Central America.

Combating Terrorism. In recent years, terrorism has taken an increasing toll of human life. Protecting ourselves does not come cheaply. But it does pay dividends. More effective intelligence analysis, heightened security awareness, and improved physical security helped thwart or deter about 120 possible terrorist incidents in 1986.

Countering terrorism also requires cooperating with other countries to identify, apprehend, prosecute, and punish terrorists. Cooperation has begun to show results. In the last year, for example, international terrorists have been arrested, indicted, and in some cases, convicted, in eight European countries. And West European governments have agreed to a series of security and diplomatic measures against Libya.

Much more needs to be done. But budget cuts are taking a heavy toll:

- A $20-million counterterrorism research and development program has been eliminated at a time when terrorists are becoming more ingenious and are using more sophisticated methods.
- More than 60 of our embassies and hundreds of other buildings abroad need to be totally upgraded or replaced if we are to provide adequate protection for U.S. employees. Although Congress authorized a $2.1 billion multiyear program, appropriations have not kept pace with implementation plans. Additional substantial cuts in FY 1988 from the already reduced FY 1987 level will mean a 2-year delay in the original program, dangerously delaying further progress in our diplomatic security construction efforts.

State Department Operations. Further cuts in the State Department's operating budget could necessitate significant reductions in State Department personnel at home and abroad. The Department had to close seven overseas posts in 1986 and is considering additional post closings. Continuing budgetary constraints are anticipated. The effects of such cutbacks would be long term. Experienced professionals cannot be recruited and trained quickly, even if Congress later restores the resources we need now.

The Department is examining its structure and methods of doing business as it looks for ways of adjusting to long-term budgetary constraints. This search for a more cost-effective approach to diplomacy in the future rests on the following principles:

- The unique skills required for diplomacy must be developed and retained;
- Training is essential;
- An adequate flow of junior officers must be continued; and
- The Department must keep pace with the latest developments in technology in order to strengthen its communications and computer systems.

The War of Ideas: Democracy vs. Totalitarianism

We are engaged in a war of ideas. The Soviets have launched a sophisticated, worldwide public affairs offensive. They are evidently willing to spend whatever it takes to get their message across; for example:

• The Soviet Union has 37 superpower transmitters for radio broadcasts into other countries; the Voice of America has six makeshift and five new transmitters.

• Radio Moscow broadcasts in 80 languages; the Voice of America in 44.

• The Soviets spend more on jamming U.S. broadcasts than the United States spends on transmitting them.

It is essential to have a strong and flexible United States Information Agency (USIA) telling the democratic side of the story. Yet 2 years of budget cuts have caused damaging reductions in most USIA programs.

• FY 1987 budget reductions forced the Voice of America to reduce broadcasts by 10%—the largest single cut since the 1950s.

• The International Youth Exchange Program and the International Visitors Program also were substantially cut back.

• And 13 overseas mission posts and centers were closed.

In short, we have an important story to tell. Our vital long-term interests require that the world hear it. But many people are not. And unless we can come up with additional resources, still fewer will hear it in the future.

The War on Narcotics

Stemming the flow of narcotics into the United States is a priority for all Americans. This, too, is a costly undertaking, requiring economic and military assistance to other countries as well as funding for programs directly related to narcotics control.

• Poor farmers in most drug-producing countries cannot be persuaded to stop growing their best cash crop without having good economic alternatives.

• The governments of these low-income countries cannot be expected to launch major programs without the economic resources to sustain them.

• And drug traffickers and narcoterrorists will not give up their lucrative business without a fight.

Nevertheless, the Andean countries of Bolivia, Colombia, Ecuador, Peru, and Venezuela are waging war against narcotics traffickers and terrorists. They are following up their 1986 treaty pledging regional cooperation with concrete action.

• Colombia, for example, has eradicated 85% of the marijuana cultivated in traditional growing areas through an aerial herbicide program, using U.S.-provided aircraft and communications equipment.

• Bolivia has embarked on a courageous battle to shut down the second largest source of cocaine to the United States and Europe. However, this means depriving as many as 350,000 people—one-sixth of the Bolivian population—of their current livelihood. Impoverished Bolivia cannot accomplish this massive task and provide economic alternatives to those affected without a substantial increase in U.S. assistance—assistance we are not able to provide.

The Andean countries are demonstrating that with adequate resources the battle against narcotics can be won. If we fail to provide this vital assistance, we will not only be sending a signal that we are unreliable and indifferent to their problems; we also will set back our campaign to achieve a drug-free America.

Leadership or Withdrawal?

For nearly half a century, the United States has shouldered its responsibilities as leader of the free world and the champion of those struggling to join us. Through our efforts, we have made enormous gains in advancing our interests. Our prosperity, our technological dynamism, and the vitality of our alliances combine to make us the world's leading force for peace, progress, and human dignity. We hold the winning hand of democracy—if only we persevere. We must not permit our capacity for constructive world leadership to atrophy. To continue to secure and to advance our interests and values, we must remain fully engaged with the world.

That takes money—not a lot, at least in comparison with defense, social security, and many other vital programs. But what we need in the foreign affairs budget must be made available on a dependable and timely basis.

Of course, the world today is different from what it was four decades ago when the United States reluctantly assumed the mantle of world leadership. Economic and military power has become much more diffused. With our help, the war-weakened countries of Western Europe have reemerged as strong, prosperous, and vital democracies capable of competing economically and contributing significantly to the defense of the Atlantic region. In Asia, Japan has become an economic giant. South Korea, Taiwan, and Singapore also have made significant economic progress. And China, India, and Pakistan are gaining economic and military strength. Elsewhere, Mexico, Brazil, Israel, and Saudi Arabia have made great economic strides and have become regional powers.

However, despite changes on a scale that few imagined possible in the immediate post World War II period, two elements of the equation remain as true today as they were then.

First, through military force the Soviets can still exert strong political pressure, directly or via allies, throughout the world; and

Second, the United States is the only power in the noncommunist world with the economic and military strength to oppose the Soviets effectively on a global scale.

Under these circumstances, it is clear that we cannot choose to withdraw from active engagement with the world. Nor should we permit an inadvertent withdrawal—because of our failure to commit adequate resources to support our interests abroad, either in terms of our rivalry with the Soviet Union or the protection of our trade, development, human rights, and other interests abroad.

Ultimately, the choice is ours. We must make it with a full understanding of its important implications for our security, our prosperity, and our democratic and humanitarian values.

Conclusion

As the 20th century draws to a close, foreign policy is becoming ever more important to the American people. U.S. foreign policy today is a complex blend of our traditional idealism and clear-eyed realism. Since the beginning of our history as a republic more than two centuries ago, the United States has been involved in world affairs, both to advance its ideals and democratic values and to advance its security and other interests.

The preceding chapters demonstrate the extent of America's involvement in an ever-changing, complex world and the many instruments and policies for dealing with its dangers. On the whole, our policy has been successful. Since 1945, the United States has helped rebuild Europe from the ashes of World War II, formed strong alliances with democratic countries through NATO, promoted development and economic reform in Third World countries through various bilateral and multilateral aid programs, contributed to the growth of world order through support of the United Nations and international law, furthered the cause of human rights around the globe, and contributed to a safer world through intensive efforts to achieve a reduction in nuclear armaments and prevent the proliferation of nuclear weapons capability. In the 1980s, President Reagan has undertaken vigorous efforts to strengthen U.S. alliances and advance the cause of freedom and democracy throughout the world.

This brief enumeration of the challenges facing the United States underlines the need for public understanding of U.S. policies. Much has been accomplished but much remains to be done. This is no time to retreat into isolation or to reduce our commitments. World peace, prosperity, and the future of democratic institutions depend greatly on our continued involvement with the world around us. ■

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